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SPECIAL SENATE COMMITTEE INVESTIGATION THE NATIONAL DEFENSE PROGRAM WASH. D.C.

CONFIDENTIAL REPORT

TO

THE SPECIAL SENATE COMMITTEE INVESTIGATING THE NATIONAL DEFENSE PROGRAM

ON

THE PRELIMINARY INVESTIGATION OF MILITARY GOVERNMENT IN THE OCCUPIED
AREAS OF EUROPE.

Special Senate Committee Investigating
The National Defense Program
Washington, D. C.

*SW NCC
Reference
p 38*

WEDNESDAY A.M. RELEASE
December 4, 1946

The Republican members of the Special Senate Committee Investigating the National Defense Program, Senators Brewster, Ball, Ferguson and Knowland, have directed Mr. George Meader, Committee Counsel, to release to the press on their authority copies of his confidential report on a preliminary investigation of military government in the occupied areas of Europe and transcripts of four executive hearings on the same subject.

We feel compelled to take this action because excerpts of an earlier draft of the report by Mr. Meader and portions of the testimony given in these executive hearings, giving distorted and inaccurate impressions, have already appeared in the press and the only way to correct such inaccuracies is to release the full texts. We attempted to persuade the full Committee to authorize such release, but were unable to do so and consequently are forced to direct the release ourselves in the interest of fairness to the public.

In connection with the release of Mr. Meader's report three things should be noted:

1. It is not a Committee report and has not received the approval of the Committee or any member thereof. Accordingly, the members of the Committee are not to be charged with responsibility for the statements it contains.
2. It was drafted as a confidential report and contains information which was intended for the members of the Committee only and not for publication.

3. It was the report of a preliminary investigation made pursuant to Committee instructions for the purpose of ascertaining whether or not conditions existed which warranted full exploration by the Committee itself. The investigation did not purport to be a final investigation or to make final findings of fact, but rather to indicate phases of the conduct of Military Government which merited the further attention of the Committee.

Special Senate Committee Investigating
The National Defense Program
Washington, D. C.

CONFIDENTIAL REPORT
TO

THE SPECIAL SENATE COMMITTEE INVESTIGATING
THE NATIONAL DEFENSE PROGRAM

ON

THE PRELIMINARY INVESTIGATION OF
MILITARY GOVERNMENT, IN THE
OCCUPIED AREAS OF EUROPE

NOVEMBER 22, 1946

GEORGE MEADER
CHIEF COUNSEL

CONFIDENTIAL REPORT

November 22, 1946

Report On

The Preliminary Investigation Of
Military Government in Europe

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- Exhibit I - Press release by Chairman Mead, dated September 12, 1946.
- Exhibit II - Confidential memorandum to the President of the United States, dated September 30, 1946.
- Exhibit III - Itinerary of preliminary investigation.
- Exhibit IV - Questionnaire.
- Exhibit V - Analysis of Army General Classification Test scores and education of group of 236 replacements received in September 1946.
- Exhibit VI - Excerpts from United States Forces, European Theater, G-2 Weekly Intelligence Summaries from January 17, 1946, to May 31, 1946, on the subject of Troop Discipline.
- Exhibit VII - Excerpt findings from the Theater Inspector General Report on the subject of "Standard of Discipline in the ETO," dated March 14, 1946; and the Theater Inspector General Report on the subject of "Supervision Survey of Colored Companies," dated June 18, 1946.

C O N F I D E N T I A LI. PREFACE

The attached draft of a report of my preliminary investigation of **Military Government** in Europe was prepared as a confidential memorandum to the members of the Committee. I have not yet had an opportunity to examine carefully and analytically all of the material which I accumulated in Europe. The report, accordingly, should not be considered as a final summation of the results of the field investigation in Europe, nor of the hearings, conferences and data accumulated both by myself and other members of the staff in Washington before my trip and thereafter.

Notwithstanding the preliminary nature of my report, I am satisfied of the desirability of the major recommendations which I have made and am also satisfied that any factual statements are amply supported by evidence in the Committee's files, and that those matters which are plainly labelled as impressions or opinions are genuine and honest impressions and opinions.

In conducting this investigation and in making this report, I have attempted to follow what I conceive to be the philosophy of the Committee and have had no axes to grind and no ideologies or "isms" to promote. I have sought, to the extent of my ability, to take the position of an American citizen who is interested, not only in his country, but in establishing a world order where not only Americans, but peoples of all nations may live and develop in accordance with their ability to contribute to the advance of civilization.

Many parts of this report were prepared before the Committee's interest in **Military Government** had become a matter of public discussion. Many of the statements made in the report are based upon conferences and discussions which were held in confidence in the sense that I assured those who spoke to me that the facts given would not be made public until cleared by executive agencies

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which had indicated an opinion that those facts should be withheld from the public by classifying them as secret, confidential or restricted.

I assumed that I could report these facts to the Committee in accordance with established practices, in which I have always held the view that anything in the possession of the Committee staff was available to any member of the Committee.

I do not challenge the right to release to the public facts which are of public interest and which the public is entitled to know. In my own view, the public is entitled to know everything relating to governmental affairs. Furthermore, I do not believe that the matters which were told to me in confidence or which were contained in documents classified in varying degrees of secrecy need to be concealed out of any fear that they will be of aid or comfort to the enemy. However, having obtained the information on the basis that it would be utilized for the information of the members of the Committee only until cleared by the executive departments concerned, I do not feel that I have any right to make public the information I have obtained without first obtaining such clearance.

If, however, the matter is to be made public, for the sake of accuracy and justice, I request that it not be made public piecemeal, but that the entire document be made public for whatever it is worth, in order that erroneous interpretations of what has been said may be reduced to the minimum.

GEORGE MEADER
Chief Counsel

C O N F I D E N T I A LII. Major Recommendations

1. That the United States Forces, European Theater and the Office of Military Government for Germany (United States) be consolidated forthwith, and that military forces be made subordinate to occupational government.
2. That Military Government in Europe be placed under the State Department with the Governor or High Commissioner directly responsible, either to the Secretary of State or to an Assistant Secretary of State for the Government of Occupied Foreign Territories.
3. That steps be taken immediately to improve the quality of military personnel assigned to occupational duties.
4. That personnel, both military and civilian, presently engaged in the discharge of governmental functions in occupied areas be examined as to qualifications and freedom from personal financial interest and that a system be devised for recruiting persons for occupational government service who will not only be competent because of their training and experience, but who will be beyond suspicion of utilizing public authority for private gain.
5. That a special study be made by the Senate of the problem of Displaced Persons, and Expellees, with a view to determining whether legislation is necessary and, if so, to present remedial legislation to the Senate.
6. That the Foreign Relations Committee of the Senate be instructed by the Senate to conduct an exhaustive investigation of international agreements connected with World War II, and subjects dealt with therein, including, but not limited to, occupation of enemy territory, boundaries, territories, mandates and trusteeships, reparations and regional and world-wide international organizations, and that it be provided with an investigative staff, funds and authority adequate to insure accomplishment of that task.

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7. Since recommendations Nos. 5 and 6 cannot be considered until the Senate has convened in January 1947, this Committee ought to continue its investigation of Military Government in occupied areas of Europe because of its obligation to examine the conduct of the national defense program.

III. Background of the Investigation

On August 14, 1946, the Committee heard Colonel Francis Pickens Miller, who charged that the interests of the United States were not being well served in the current administration of Military Government in Germany. Colonel Miller's allegations can be summed up under three headings:

1. Lieutenant General Lucius D. Clay, Deputy Military Governor for Germany, does not have an adequate intelligence agency to provide him with the information necessary on economic, political and social matters to enable him to make sound decisions in the interest of the United States and carry them into effect.
2. High officials in the Office of Military Government for Germany have conducted themselves improperly with respect to their social and business activities. This lack of high moral conduct has permeated the entire United States personnel engaged in the occupation to the detriment of United States prestige and the accomplishment of United States objectives.
3. The economic activities of occupation have been placed in the hands of individuals who, either personally or through their associations with United States business enterprises, stand to profit directly or indirectly as a result of economic programs, in the formulation and execution of which such individuals are in a position to exercise considerable influence.

Aside from the testimony of Colonel Miller, various individuals, both previously and subsequently, have called the attention of the Committee to those and other aspects of our occupation of the enemy territories in Europe, some of which are as follows:

1. The unsound administrative structure of our agencies concerned with the government of occupied territories in Europe, the absence of clear lines of direct authority, and the separation and diffusion of occupational responsibilities.

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2. The costly effects; both in terms of United States expenditures and in terms of delay in establishing a stable political and economic order in Europe, of the failure to achieve in reality the objective agreed upon at Potsdam of treating Germany as an economic unit.
3. Failure to achieve the announced purposes of the occupation of Germany; namely, democratization, denazification, demilitarization and decartelization.
4. Failure to solve the problem of displaced persons and expellees.

A. Public announcement of the investigation:

On September 12, 1946, Senator Mead, then Chairman of the Committee, announced that the Committee would investigate Military Government in Germany. A copy of the press release is attached as Exhibit I.

At a Committee session on September 26, 1946, at which Senator Mead submitted his resignation as Chairman and Senator Kilgore became Acting Chairman, the Committee instructed me to conduct a preliminary investigation.

B. Conference with the President:

On September 30, 1946, the Chairman (Senator Kilgore) and the Chief Counsel visited the President and submitted to him a memorandum concerning the Committee's decision to investigate Military Government in Europe, including a statement of the phases of Military Government in which the Committee was interested. A copy of that memorandum is attached as Exhibit II.

The President expressed some concern over the possibility that the Committee's investigation might adversely affect delicate international negotiations. The Chairman assured him that the Committee would not run the risk of such interference; that it was proposed merely to send the Chief Counsel to Europe at once for the purpose of making a preliminary investigation, with no publicity whatever attending it, and to report back to the members of the Committee, which report would be made available to the President for his information and whatever action he might see fit to take.

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The President stated that this put a different light upon the investigation; that he appreciated that indication of cooperation on the part of the Committee, observing that that had been his practice when he was Chairman of the Committee and Mr. Roosevelt was President; that he knew there were some things in connection with Military Government which needed correction; and that if the Committee would operate as the Chairman had indicated, he thought its work might be extremely helpful to him.

The Chairman read the points in the memorandum one by one, in full, to the President, after each of which the President indicated that he thought it was clear that the Committee had a right to look into that subject.

There was, on the original memorandum to the President, an eighth point, which read as follows:

- "8. Such other matters as may appear to require the attention of the Committee, which may develop during the course of its investigation."

The Chairman, before handing the memorandum to the President, struck out the eighth point and stated that the scope of the Committee's inquiry would be limited accordingly.

IV. Persons Contacted and Things Done In
Conducting the Preliminary Investigation

A. In the United States:

The following outline indicates the officials and individuals interviewed:

- September 23, 1946: Dr. James K. Pollock
Professor of Political Science
University of Michigan
(Formerly for 14 months in Military Government in Germany,
part of the time as Counsel to the Laenderrat in the
United States Zone of Germany)
- October 3, 1946: Mr. Howard C. Petersen
Assistant Secretary of War in charge of Military
Government in Occupied Areas

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- October 4, 1946: Major General Oliver P. Echols
Chief of the Civil Affairs Division
War Department Special Staff
- October 4, 1946: Colonel John R. Gilchrist
Chief of the Economics and Supplies Branch
Civil Affairs Division
War Department
- October 7, 1946: Major General John H. Hilldring
Assistant Secretary of State for Occupied Areas
- October 7, 1946: Mr. Ernest A. Gross
Special Assistant to the Assistant Secretary of
State for Occupied Areas.
- October 7, 1946: Mr. James W. Riddleberger
Chief of the Division of Central European Affairs
State Department.
- October 7, 1946: Mrs. Elizabeth May Craig
Reporter for the Portland Press Herald
(Formerly in Europe)
- October 8, 1946: Mr. Donald C. Stone
Assistant Director in Charge of Administrative Management
Bureau of the Budget

In addition, I interviewed other individuals, principally in more minor positions, whose names, for their protection, I prefer not to include in the report, but would be glad to disclose to the Committee members upon request.

On October 10, 1946, I departed from Washington for Europe, together with Mr. Thomas Nichol, Jr., Special Assistant to the Chief Counsel; Mr. Albert J. LaFrance, stenographic reporter; and Brigadier General Theodore M. Osborne, Special Assistant to the Under Secretary of War. Except for General Osborne, who returned a week earlier, we arrived back in Washington late in the evening of November 6, 1946. We travelled both ways by air.

I wish to commend General Osborne for his attitude and his counsel at all times in the investigation. He displayed a sincere interest in getting at the facts and in seeking to isolate any areas where corrective action could be taken, and displayed no disposition whatever to shield any incompetence at

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whatever level, nor to obstruct the obtaining of the full, uncolored facts. On the other hand, he seemed as interested as the Committee in getting at the true conditions in Military Government regardless of the possible consequences to individuals or to agencies.

B. In Paris:

General Hilldring had suggested that I see Secretary Byrnes in Paris. Senator Brewster had suggested that I see Senator Vandenberg. I had planned to see Senator Connally, both because he is a member of our Committee and because he is Chairman of the Foreign Relations Committee of the Senate, and I desired to avert any possible conflict of our investigation with the work of the Foreign Relations Committee and for that reason to advise Senator Connally, particularly, of the scope and purpose of our inquiry.

I conferred at length with both Senator Vandenberg and Senator Connally at the Luxembourg Palace on Saturday, October 12, 1946, on the subject matter of the Committee's investigation. Senator Vandenberg expressed some doubt of the propriety and value of the Committee's investigation, but seemed to acquiesce in the program the Committee had decided upon after I had explained it to him. Senator Connally expressed no objection to the Committee's investigation and observed that the United States was the biggest sucker in the world, and that in Germany we were accepting people from all the other zones and feeding them.

While talking with Senator Connally, I was introduced to Ben Cohen and H. Freeman Matthews (Director of the Office of European Affairs) of the State Department and Ambassador Bedell Smith, with whom Senator Connally and I had considerable discussion of the occupation problems in Germany.

On Sunday, October 13, 1946, I conferred for nearly an hour with Secretary Byrnes at his office in the Meurice Hotel in Paris. He expressed no objection to the Committee's investigation, except that publicity connected with

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the investigation might impair current negotiations with other powers. It was understood that I would confer with Secretary Byrnes again upon my return from Germany, prior to reporting to the Committee. Upon my return, however, when I offered to come to New York to see Secretary Byrnes, I was advised by his assistant, Mr. Reems, that there must be a misunderstanding because the Secretary had no particular desire to see me and was very busy.

C. In Frankfurt:

At Frankfurt, we were joined by Colonel Charles J. Barrett, Deputy Director for Europe Civil Affairs Division, War Department who accompanied me on the investigation. He was most cooperative and helpful and assisted in obtaining the facts we sought, without any disposition to conceal or suppress anything so far as I was able to observe. I believe he should be commended.

In Frankfurt, I met Mr. Melvin Benson, an investigator for the House Military Affairs Committee, who stated that he was investigating a great number of matters in Europe, including Military Government. Mr. Ralph Burton, Counsel for the House Military Affairs Committee, had telephoned me about Mr. Benson prior to my departure and had stated that Mr. Benson would be glad to assist me and cooperate with me in any way that he could while I was in Europe.

Mr. Benson had interrogated Werner Plack as to his possible acquaintance with Hans Wilhelm Rohl in connection with the investigation of the activities of Colonel Theodore Wyman - a collateral matter in which our Committee also had been doing some work. Benson gave me a copy of the statement obtained from Plack.

Subsequently, I ran into Benson in Berlin and in Vienna.

D. Itinerary:

My itinerary, attached as Exhibit III, sets forth the individuals interviewed, places, dates, and the number of pages of the record of conferences held.

C O N F I D E N T I A LE. Records:

The stenographic record of the conferences comprises over 775 pages. More than 400 documents or sets of documents were brought back to Washington. The documents and the transcript of the record occupy over 6 feet of file-drawer space. Additional documents and memoranda are to be supplied. A list of 69 basic questions, calling for detailed information on various aspects of the administration of Military Government, were submitted to Military Government officials in Germany and in Austria. Written replies to these questions were furnished, supported by memoranda, charts and tables. A list of the questions is attached as Exhibit IV.

C O N F I D E N T I A LV. Jurisdiction

It is my judgment that the following aspects of military government are clearly within the Committee's investigative mandate:

Expenditures:

The occupation of enemy territory is an obligation arising out of the war. It is the culmination of the war effort and the national defense program. The war has not been declared ended. Government of conquered peoples is a current and future part of the national defense program. The Committee's mandate from the Senate requires that it ascertain what amounts are being expended for this war purpose and whether the taxpayers are getting their money's worth out of these expenditures.

If the Senate is not informed on this subject, it cannot legislate intelligently, even to the extent of appropriating funds. In ignorance the Congress might conceivably refuse to appropriate moneys for a cause which is of extreme importance to the nation and the national defense.

This is peculiarly a subject which the Committee is under obligation to investigate because:

- a. There is no other committee equipped with the staff for ascertaining the facts presently engaged in examining this subject.
- b. The subject cuts across the jurisdictional lines of standing committees: Appropriations, Military Affairs, Naval Affairs, Foreign Relations.
- c. The subject requires immediate, intensive and independent examination by the Senate itself. It cannot be left to such information as executive department agents see fit to present to the Senate in hearings on requested appropriations.

For the current fiscal year ending June 30, 1947, world-wide direct appropriations granted and to be requested for Military Government total three-quarters of a billion dollars. For fiscal 1948, it is estimated that one billion

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dollars will be requested. The War Department is unable to look beyond that point, but can now see no reduction in expenditures for this purpose.

Administrative Structure:

Although the funds are appropriated to the War Department (an indication of the belief of the executive departments that military government is a war expenditure), the State Department and some joint agencies - such as the Joint Chiefs of Staff and the State-War-Navy Coordinating Committee - have some responsibilities in connection with Military Government.

This circumstance presents an organizational situation within the executive departments in connection with a war activity similar to those which the Committee has frequently found itself compelled to examine throughout the war and and before and in which field it has previously been able to accomplish beneficial results. Confusion, duplications, conflicts, lack of coordination and loose and inadequate channels of authority have been disclosed to be one of the most wasteful and costly errors in our national defense program, not alone in terms of public expenditures, but in terms of delay and ineffectiveness in achieving national defense programs.

Personnel:

The number, competence and honesty of individuals entrusted with public authority in connection with national defense programs has been a field in which the Committee has been obliged to devote substantial attention and effort during its entire existence. The spirit of the Senate in creating the Committee was, in part, to maintain a constant and contemporary vigil on the conduct of individuals to whom vast public authority was necessarily entrusted in the interest of speed and effectiveness in national defense programs.

The Senate desired to prevent the use of a public position for personal and private profit. To refuse to examine the manner in which powers in Military

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Government, particularly over economic matters, are now being administered would be to fail to discharge the Committee's responsibility to the Senate and to the people.

To wait until the horse has been stolen before locking the barn door is to depart from a fundamental principle of Committee procedure, which has largely contributed to whatever public acceptance the Committee has enjoyed.

Foreign Relations:

The Committee has avoided conflict with other Senate committees by consistently deferring to standing legislative committees actively engaged in investigating fields wholly or partially within the scope of the Committee's activity. It has sought to serve such standing committees by making available to them the facts developed by it. It has been successful in avoiding jurisdictional disputes.

Our foreign relations in this period of settling the war absorb a great part of our national interest. According to one point of view, almost any governmental activity proximately or remotely affects our relations with other nations. It might even be said, with some force, that our conduct in domestic matters could be used for propaganda purposes in international discussions, or might otherwise have a bearing upon our negotiations with other powers.

Of course, this point of view would result in concentrating an overwhelming amount of power in an extremely small number of public servants, which would be a step away from democratic government.

Certainly coordination with the Foreign Relations Committee and the acceptance of its leadership on matters materially affecting foreign affairs should be the policy of the Committee, but it has no right to go out of business completely because of the unusual predominance of the international interests and activities of our government at this time. It is precisely at this time that the

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Committee should do its best work, unless we are to take the view that the Committee was interested in the national defense program only to mobilize the nation for the accomplishment of a result without any responsibility for the character of the objective toward which we have been fighting.

VI. Findings and Conclusions

My investigation could not, in three weeks, be expected to have answered conclusively all of the questions which have been raised with the Committee. I have, however, inquired into all of those subjects to an extent which has convinced me that they justify further and complete exploration by the Committee. Furthermore, many of the defects in our present handling of occupational responsibilities are on such a level that effective action must be based upon an expression of opinion by the Committee members themselves, rather than upon a mere staff study.

Tentatively and subject to further expansion and clarification, my findings on the various subjects investigated are as follows:

A. Administrative structure:

1. Within the Office of Military Government For Germany,
United States (OMGUS):

a. Personnel:

General Clay has adopted the policy of contracting his personnel, not so much for reasons of economy as to implement his policy of turning over to the Germans the governmental control of their own affairs by reducing the number of United States personnel engaged in governing functions, thereby permitting them to exercise less governmental authority. His view is that so long as United States personnel is around, it will seek to govern.

The total United States Military Government personnel has, until recently, been at about 6,000. General Clay aims to reduce this to 5,000 by January 1 and to

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4,000 by July 1, 1947. He stated to me that after the German government has proved its ability to run its own affairs, the supervision required of United States personnel could be handled by 1,000 people.

This policy might be questioned. American supervision may be too rapidly withdrawn in the light of the general incompetence of the German personnel now running their Gremeinde, Kreis, Land and Laenderrat governmental units. Until the defeat of Germany, German civil service was a career service occupied by persons specially trained for their positions, in contrast to the general rule in American governmental units based upon the philosophy that government is a business that anybody can do.

Under Hitler, German civil service was, of necessity, filled with persons who, with varying degrees of enthusiasm, owed allegiance to the Nazi Party. These persons, who were trained and competent, were subjected to blanket removal from office by our Army and, until purged by German denazification courts, are ineligible for public position.

Furthermore, it is too early to be certain, even if there were an adequate and reliable intelligence service in military government, whether or not the Germans desire genuinely and permanently to run their governmental affairs in accordance with the principles and objectives of the occupying powers.

The least that can be said with certainty concerning General Clay's policy of letting the Germans govern themselves is that, for the present, such policy can be safely adopted only if the intelligence operation of observing and checking the way the Germans are running their governmental units is intensified and strengthened. This has not yet been done.

The Select Committee on Estimates of the British Parliament in July 1946 severely criticized British Military Government in Germany for the employment of

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26,000 officials, which the Committee considered excessive. It also criticized British policy in failing to make the Germans perform more of their detailed administrative governmental work themselves.

Colonel Duke, Personnel Officer at Berlin, stated that recruiting people was no problem. His problem was how to make them go home and how to achieve the reduction to 5,000 by January 1, 1947, and the further reduction to 4,000 by July 1, 1947. Reducing the Military Government is to be accomplished first, by not renewing contracts; second, by normal redeployment of military personnel; third, War Department rules limiting service overseas for officers to 36 months; fourth, by not hiring replacements; and fifth, by eliminating some functions altogether and permitting them to be performed by the German governmental units. This cut in personnel is at the moment probably the most talked of administrative decision which General Clay has made. In the Staff "gripe session" which I attended in Berlin on Saturday, October 19, 1946, practically 90 per cent of the complaints had to do with the personnel reduction order, each Division or Section head contending that his operations continued to be of greatest importance and that the reduction of force would seriously impair the future work of his particular organization.

b. Organization:

A less able man than General Clay would find himself lost in attempting to control and direct his principal subordinates because of an organizational structure which would normally be considered unsound on the basis of generally accepted administrative principles on the span of control.

It is generally thought that one man is unable to direct more than five or six deputies directly responsible to him. The Committee has a photostatic copy of the organizational chart, according to its present arrangement.

The Committee also obtained from an individual in Military Government in Berlin, who has had some experience with public administration, a suggested

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reorganization of the structure of Military Government along lines which he thought sounder.

c. Top executives

Much has been said about the difficulty of obtaining competent individuals in key positions in military government. We have been told that it is extremely difficult to obtain competent people; that it has required unusual efforts, such as personal pleas by the Secretary of War, the Secretary of State and even the President, to induce high-grade men to leave their businesses and homes to accept top jobs in military government out of a sense of patriotism. The Committee has been told that if it investigates Military Government these men will resign.

This story is not new. During the war, the Committee was required frequently to examine the activities of dollar-a-year-men recruited in abnormal ways. The Committee has been somewhat skeptical of claims that competent personnel could not otherwise be obtained. The Committee has in the past observed the quality of dollar-a-year-men, and has been impressed with the ability and the patriotism of many of them. So far as I am aware the Committee has yet to find one competent man in government who has threatened to quit because of being investigated. In my opinion, the Committee should not now be impressed by this old argument. Our country is in a bad state of affairs if the people are not entitled to know how their affairs are being run simply because some individual will resent making his acts, in a position of public authority subject to the scrutiny of a congressional investigating committee.

It would be pretentious for me to conclude, on the basis of a brief preliminary investigation, that specific individuals in top executive positions in Military Government were competent or incompetent. However, outstanding merit is

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difficult to conceal. No such unusual ability asserted itself on the level of Division heads and top executives in Berlin, aside from that of General Clay himself.

This lack of outstanding ability, as well as the somewhat irregular organization structure would assume greater importance should General Clay decide to resign.

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It has been suggested, but not confirmed, that, on the contrary top Military Government positions have been loaded with superannuated surplus Army officers, for whom the Army had no use elsewhere and who had to be given positions commensurate with their rank. This subject should be more intensively examined by the Committee itself.

In general, it may be said that, contrary to what the Committee has been told, living conditions for Military Government personnel in Germany are far better than those for government personnel at a corresponding level in the United States. The best homes have been requisitioned. Domestic service is plentiful. Living expenses, to the extent items are furnished by the Army, are extremely low. To the extent that it is necessary or desired to deal for German products or services even greater bargains are obtainable. The Committee, upon a personal examination, could not be impressed that service in Military Government in Germany was personally or socially arduous.

The argument that the government is unable to attract competent people because of low salaries is not confined to service in foreign areas alone. A 25% increase in salary is allowed because of overseas service. It is difficult to believe that there are not, in our population of 140 million people, sufficient competent persons willing to serve in Military Government in Germany. Abnormal recruitment methods should be avoided except in an emergency. A great deal of money was spent, even early in the war, training carefully selected persons for Military Government. It is difficult to believe that this program was as complete a failure as the resort to abnormal recruitment methods for top positions would indicate. This subject deserves further development.

d. Intelligence:

General Clay stated to me that he was aware that intelligence functions in Military Government were not being adequately handled. He said

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that he knew what he wanted, but didn't seem to be able to get it. He wanted an agency which would accumulate, analyze and disseminate information, not only to him, but to his top executives. He said that he now is required to read a great deal of material himself, which he ought not to have to read, since it should have been digested and presented to him in concise form, including only those matters which he really needed to know. He stated that he was changing intelligence officers and the new Chief of Intelligence, together with Dr. Dorn, a special advisor, were going to study intelligence needs and an agency to fill them, which he hoped would solve the problem. From only a cursory observation of Dr. Dorn's performance, I would be inclined not to share General Clay's confidence in the quality of what he might do.

The Office of the Director of Intelligence at Headquarters Office of Military Government in Berlin has a very small staff. Its former Chief, Colonel Koenig, did not appear to be aggressive. He has now been succeeded by Colonel Peter P. Rhodes, whom I did not meet.

Intelligence, which is probably a poor word, consists in extracting facts from numerous sources, either through regular, routine reporting on specified subjects, or events of a particular character, or through a special investigation. The facts must be carefully checked to insure accuracy, must be analyzed and collated from the point of view of the use to which they are to be put, and must then be disseminated to those agencies and individuals who need the information in the formulation of decisions and policies in the conduct of their operations. It is obvious that speed is important to avoid receiving the information after it has become stale.

Throughout Military Government, both in the Headquarters at Berlin and in the three Laender, intelligence functions and responsibilities are diffused.

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The Information Control Division, to which General Clay has assigned the responsibility for collecting political intelligence, but whose principal function is the supervision of newspapers, radio and theaters, has a survey group conducting polls like the Gallup Poll, and also interviewing leading German politicians. This group has a fairly large "intelligence" staff.

However, the principal reliance for intelligence for Military Government is placed on the G-2 of the United States Forces in the European Theater. This is unsatisfactory because General Clay has no command over this agency and, by nature, G-2 would be principally interested in gathering military intelligence and would not be peculiarly equipped or adapted to the accumulation and appraisal of economic, political and social intelligence.

General Clay takes the position that he does not desire to spy on anyone. Somewhat heatedly, he told me that he would not under any circumstances have the Counter Intelligence Corps under him. There is some question as to the proper position to take with respect to espionage. The other governments are doing it, and there are some matters on which it is important to be informed, which cannot otherwise be obtained. The great bulk of the useful political, social and economic intelligence, however, can be obtained without resort to espionage.

The fact that G-2 of the Army is Military Government's principal intelligence agency, in terms of number of personnel, furnishes one important illustration of the disadvantages of separate commands for Military Government and for the armed forces. I have not ascertained whether the decision to have intelligence functions performed by G-2 of the United States Forces in the European Theater, rather than by a large intelligence staff within the Military Government, as Colonel Miller's plan called for, was the result of an arbitrary reversal of General Clay's approval of

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Miller's plans solely because Clay desired to economize and did not appreciate the importance of intelligence or whether it was the result of Army politics. It was suggested that G-2 of the United States Forces in the European Theater had pulled wires in Washington to have itself designated as the sole intelligence agency in the theater and, therefore, be responsible for gathering intelligence for Military Government, with which it did not have direct command connection and with the operations of which it would be acquainted only in a casual way.

The reason this information was not obtained, in part, was because access to the cable files of the United States Forces in the European Theater was denied by General McNarney. This information could easily be elicited in a Committee hearing.

The effect of having G-2 of the United States Forces, European Theater perform intelligence work for Military Government is obvious. There is a difference between obtaining military intelligence and obtaining facts germane to the everyday operations of a civilian governmental agency. The circuitous chain of command between Army intelligence and Military Government agencies is also not conducive to speedy communication between the agency needing the facts and the one responsible for furnishing them.

The dissatisfaction with the intelligence-gathering agencies was unanimous in all of the three Laender. The Office of Director of Intelligence, both in Berlin and in the Laender, is so curtailed, both in staff and authority, as to be incapable of tapping all sources of intelligence, checking and analyzing the information accumulated and disseminating it to those in responsible positions whose decisions should be influenced by the facts so furnished.

At Wiesbaden, Dr. Newman, the Land Director, furnished a copy of a memorandum prepared by his intelligence officer, Lt. Colonel O'Steen,

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which was extremely critical of the present intelligence set-up in Military Government and which made certain concrete recommendations for an improved one. Dr. Newman stated that he was forwarding this memorandum on to General Clay. General Clay told me that he considered the memorandum a good one.

On this subject, I am inclined to conclude that Colonel Miller's criticism was well founded, in general, but am reluctant to express any view as to the proper form an intelligence agency should take without further and intensive study of this subject. In general, however, I do have a high regard for the importance of the investigative function, in providing those who must make decisions with full and accurate factual knowledge of the subjects on which they must decide. I am also satisfied that the investigative and intelligence-gathering and disseminating function must be extremely close to the top administrator. Unfortunately, the importance of ascertaining the facts is not generally recognized, nor has a reliable and tested pattern and technique for performing that function on a large scale been developed and placed in effect in administrative organizations generally. This subject deserves further exploration by the Committee.

With respect to intelligence concerning the activities of other occupying powers, it should be noted that the Potsdam Declaration does not grant the occupying powers complete sovereignty over the zones assigned to them for administration. The Potsdam Declaration and the interests of the powers arising from their joint defeat of Germany give rise to certain rights with respect to Germany as a whole, not confined within the particular areas assigned to each individual power for administration purposes. In other words, Russia, the United States and France have definite interests and rights with respect to the British Zone, and similarly, each power has rights and interests in all of the other zones.

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These rights and interests are meaningless without the implied right of observation and inspection to obtain the facts with respect to those rights and interests, in order that action may be taken on a quadripartite basis where it is appropriate. This basic principle, if sound, should render clandestine intelligence operations, at least with respect to other zones of Germany, unnecessary.

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c. Officials in the Economics Division: It was impossible to explore completely the effect of assigning to key positions in economic affairs individuals recruited from American business organizations. Brigadier General Draper, the head of the Economic Division, is a Vice President of Dillon, Read and Company, New York securities house. In the 1920's Dillon, Read and Company floated in the United States large amounts of German securities, among them those of the Vereinigte Stahlwerke.

It is perfectly obvious that individuals with Wall Street connections and philosophy would not naturally be inclined to advocate forcibly and effectively a program of decartelization. Furthermore, there is some evidence of rather intimate business and social relationships between leading United States businessmen and those in many of the German trusts. This, likewise, might have a bearing upon the vigor with which German industrialists are either prosecuted for war crimes or are subjected to the denazification procedure. At this point, I do not have what I consider to be any reliable evidence that what might be considered natural inclinations have been permitted to play a part in the discharge of responsibilities over economic matters. It can be said that little progress has been made in the decartelization program. Apparently, however, this lack of progress is largely chargeable to the British authorities. It cannot be established that a lack of sympathy in this program, if it exists, on the part of General Draper and other leading officials in the Economics Division has had any bearing on the slow progress in obtaining an agreement. However, Mr. James Martin, in charge of the Decartelization Branch of the Economics Division, definitely has the feeling that he has not received strong support from his superior.

To ascertain whether, in fact, persons in the Economics Division or in other divisions of Military Government are utilizing their positions and authority to benefit themselves or companies with which they have relations

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would require a good deal more time and investigative personnel than was available to me in the conduct of the preliminary investigation. It might be noted that Lieutenant Colonel Fisher of the Economics Division is now being tried by court martial for having solicited a substantial sum of money from the Otis Elevator Company to render services in their behalf while assigned to Military Government.

It may certainly be said at this point, however, that it is unsound, where avoidable, to create a set of circumstances embracing all of the elements favorable to personal interests and then rely wholly upon the ability of human beings to resist the temptation that has been placed before them. Even appearances might well be considered where other governments may be expected to charge that American capital is exploiting our position in occupying a country which, by the very terms of occupation, has no means of protecting itself from high-handed economic dealings.

It should be pointed out, when considering whether or not top executives, particularly in the Economics Division of the Office of Military Government, are utilizing their positions for their own advantage or that of companies with which they have connections and relationships, that at the present moment there is relatively little that can be done along this line for two reasons:

1. The Trading with the Enemy Act is still in effect and any deals with German industrialists can only be made legally through the Military Government itself.

2. In the absence of economic unity and uniformity in policy with respect to all areas of Germany and in the absence of an established rate of foreign exchange or even a currency which is stable internally and in the absence of certainty as to the laws which will govern Germany in the future, and in the light of the existence of a general status of chaos with respect to the German economy, deals could not now be made intelligently, since they might be upset

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by quadripartite action in the future or other economic developments.

It should also be noted in considering whether or not public positions are being used for private gain that the action taken, particularly at this point, would be more likely to be in the establishment of broad policies than in specific transactions. The gain might even be nothing more than access to information, on the basis of which in the future a concern so informed might have the inside track over any possible competitors. In my view, this still constitutes the use of public position for private gain and ought to be avoided in the national interest, my position being that a public trust is of such character that, like Caesar's wife, any individual administering that trust should be beyond reproach.

In my judgment, the Committee could perform a very useful service in exploring this subject thoroughly. Since charges have been publicly made that business representatives of American firms are serving their companies' interest rather than their country's interest in positions of economic power in Military Government, the facts ought to be fully ascertained. If the charges are true, the situation should be corrected and action taken against individuals who have been unfaithful to their public trust. If the charges are false, that finding should be publicly stated. Innocent individuals against whom such charges have been levelled are entitled to public exoneration. No good, either to our government or to the individuals themselves, can result from failure to examine and settle these charges. A resistance to investigation can only serve to create a suspicion that something is wrong which might be uncovered. In our democracy, we have hitherto been guided by the principle that the people and the Congress had a right to know fully and accurately all matters relating to the handling of the public trust. The only exception, and one which has been recognized, is the suppression of information which would give aid and comfort to the enemy.

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2. Relations between Office of Military Government for Germany, (United States) (OMGUS) and United States Forces, European Theater (USFET):

Lieutenant General Clay is only the Deputy Military Governor for Germany. The Military Governor is General Joseph T. McNarney, who, in addition to being Military Governor, is Commander of all United States Forces in the European Theater, which now number approximately 250,000.

At Frankfurt, we were told by General McNarney's staff that the United States forces were presently incapable of any combat or defense mission and that the sole mission of the Theater was occupation. I sought to ascertain how long this had been the case, but was unable to obtain a conclusive answer.

It would appear natural that since the sole function of our forces in Europe is occupation, which means the government of the German people, the agency responsible for government would be the supreme authority. This, however, is not the case; indeed, the reverse is true. As a result, many disadvantageous conflicts and inconsistencies have appeared which have not been conducive to achieving the objectives of the United States in Germany. There are two parallel organizations -- the Army and the Military Government. The only official and legally structural connection between them is the command relationship between General Clay and General McNarney. The importance of this fact is likely to be lost on those who have no familiarity with military procedure and philosophies.

As Senator Ferguson so aptly expressed it when he and I were discussing this problem with Professor James K. Pollock in Detroit, the present situation in Germany is like the Police Commissioner being superior to his Mayor.

Since the 250,000 United States forces and, particularly, the officers, have nothing to do but to occupy, they have a tendency to want to exert and express the authority inherent in the military rank they enjoy, whether it is in line with the policies of the Office of Military Government or not. Clashes have been

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frequent between the lower echelons of the Office of Military Government and the lower echelons of the armed forces. Officially, each issue can be settled only at the top level of each organization.

This situation would have had more serious results were it not for the individuals who are administering occupational responsibilities in Germany, and working relationships which have been established. General Clay has conducted his office in an able and statesmanlike manner. Through his readiness to make decisions and assume that he has the authority unless told otherwise, as well as through his congenial relationships with his superior, General McNarney, he has been able, within limitations, to make a good record. General Clay's policy (and it might well be questioned that this is that kind of policy which should have been originated by the State Department or other policy-making agencies) has been, first, to convert his own organization from a military to a civilian one, looking toward the time when the occupational responsibility would be handled by a civilian, rather than a military arm of the government, and, second, to encourage the establishment of a democratic German government and entrust to Germans the responsibilities for governing themselves, subject only to an ever receding supervision by United States officials.

An example of conflict between the Army and policies of Military Government occurred in Stuttgart. It had been the policy of Military Government to encourage the German people to raise food by utilizing every conceivable available square foot of land. For some time, a golf course near Stuttgart had been turned into gardens. In July 1945, the local military commander in Stuttgart decided that he wanted to use the golf course, two fairways of which had already been planted and were under cultivation. It was necessary for a complaint to go all the way up the line in military government channels to General Clay, across to General McNarney and back down Army channels to the commander to prevent him from tearing up the gardens and rebuilding the golf course.

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Some other examples of the disadvantages of these parallel organizations can be cited. The responsibility for the supervision of German courts and the responsibility for the punishment of offenders of military government laws is in the Legal Division of Military Government, but the Counter-Intelligence Corps is an agency of the Army. The latter do not recognize, and by the structure of their organizations and their command responsibility, are not required to recognize the logically superior authority of the Legal Division of Military Government. It would be tantamount to a sheriff of a County ignoring a District Attorney or the law in deciding whom to arrest and what evidence is appropriate in the trial of an offender.

Furthermore, this lack of responsibility on the part of the police agencies to the Office of Military Government has contributed to embarrassing charges of high-handed treatment of German civilians. This is not to say that German civilians should be treated in any coddling fashion. However, all of them cannot be confined to jail, so there must be a distinction between offenders. We will make little progress in convincing the German people of the desirability of Anglo-Saxon principles of law if an innocent person can be thrown in jail and kept there indefinitely without any means of redress whatever. That situation has existed where those who are presumably familiar with the law do not have the right to advise and control the policeman who, under our system of justice, is also subordinate to the law.

Another disadvantage of the separation of the United States Forces in the European Theater from military government has already been mentioned in the foregoing discussion on the intelligence agency in Military Government. The lack of control by the Office of Military Government over G-2 of the United States Forces in the European Theater lets the service agency furnish what information it conceives is appropriate, although the service agency does not have the means of

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knowing accurately and in detail the type of information which would be useful and necessary.

The United States Forces, European Theater, among other things, are responsible for performing the housekeeping functions; that is, furnishing food, clothing, transportation and all types of supplies and services for Military Government. However, its natural interest is more in the United States Forces, European Theater, and there is a natural tendency to slight Military Government and to favor the Army.

In the matter of housing, the most desirable homes have been requisitioned. Housing in the United States is a matter of major interest. It is even more so in Germany.

In Wuerzburg, for example, a survey made last winter showed that there were 2800 rooms occupied at a rate of 6 persons per room, 3450 rooms at a rate of 7 persons per room, 106 rooms at a rate of 8 persons per room and 2300 with from 1 to 5 persons per room, and that there were 1,300 families living in garages, gardenhouses and chicken coops. Dwelling facilities in Wuerzburg had suffered an estimated 74.6% complete destruction. Dr. Newman, Director of Military Government for Land Greater Hesse, told me that one of his principal headaches was the complaints of the German authorities about the inroads caused by the requisitioning of houses for military officers and their dependents in the face of the acute housing shortage resulting from war damage and the acceptance of expellees.

General Mueller, Director of Military Government for Land Bavaria, stated to me that one of his principal difficulties was in restraining military troops from taking too many houses, principally in the badly bombed, overcrowded cities. He stated that he had no direct authority or control over what houses were taken, since the Real Estate Division of the Army handled this matter

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and they were not under his command. However, he said that he frequently battled with them on this subject and frequently was successful, although not always.

The population of the United States Zone is approximately 16 million. We are sheltering approximately a half million displaced persons, and 150,000 Jewish persecutees. We have agreed to accept and are in the process of receiving 2 $\frac{1}{4}$ million expellees, being persons of German origin who are no longer wanted in former German territory now occupied by Poland, Poland itself, Austria, Hungary and Czechoslovakia.

In addition to this dwelling space shortage, reduced by war damage and made more acute by the unnatural increase of the population by nearly 20%, our occupation forces have requisitioned a substantial additional percentage of the most desirable housing. Each private, if possible, would like to have a house by himself with a maid, cook and gardener. How far down the echelons of rank this is permitted will affect the acuteness of the housing shortage in Germany. The Army is in charge of real estate and in some instances it is only by the most forceful representations that Military Government officials have been able to restrain the acquisitiveness of our Army officers with respect to the housing of a conquered people. The arrival of dependents has intensified this problem. In Mosbach a negro private (not connected with Military Government) and his white English wife were occupying a house by themselves which had been requisitioned. Captain Claxton, Military Government Liaison and Security Officer, deplored this but could do nothing.

The conduct and discipline of troops is a responsibility of the Army. However, the manner in which Americans, both civilian and military, conduct themselves in Germany has a bearing upon the accomplishment of the objectives of our occupation, as well as our prestige in the eyes of the world. The Military

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Government, which is responsible for advancing our national program, both within our Zone of Germany and with relation to the other occupying powers, has no control over the conduct of military personnel and can take no action, except to make a request, to prevent harm to United States prestige or to other governmental programs resulting from the presence of large numbers of American troops and their conduct.

A major difficulty with troops in Germany has been the proportionately large number of negro troops used not in military government but in the Army's occupational duties. There is a question whether negro troops should have been utilized at all for occupational service, because the race question was bound to be encountered, since no negro population is to be found in Germany.

Encampments and barracks are largely occupied by displaced persons, which has required the quartering of negro troops, as well as other troops, in individual houses where there is practically no way of disciplining them and observing their conduct. Furthermore, negro troops have come to be used largely as service troops, principally as truck drivers. This has resulted in their moving freely and unsupervised among the population in connection with their duties. This has also resulted in their physical access to Army supplies, which they could and did use for the purpose of gaining favor with German women. In view of food shortages, some German women have been unusually receptive to the generosity of the negro troops.

The venereal disease rate among the negro troops has reached an average rate of 897 per 1,000, which means that there are 897 cases of venereal disease for every 1,000 negro troops in the course of a year. Since some individuals may have contracted the disease more than one time in the year, it does not necessarily mean that 897 out of each 1,000 of the negro troops have become infected. In March 1946 the rate reached 1,049 per 1,000 while in the same month, the rate for white troops was 158 per 1,000.

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In Wertinger, near Stuttgart, 150 negro troops housed in private dwellings brought with them to the community certain German women with whom they had been fraternizing. The first company, about half of the total, brought 30 women. With military government officers winking their eyes, the negroes forced the Buergermeister to billet the women in local homes. Subsequently, military government having become aroused about the venereal disease rate, conducted a raid and picked up 54 girls, of whom 24 were local. The check showed that 23 out of the 54 women picked up in the raid had venereal disease. Captain Woodward who reported this to me, went on to say:

Captain Woodward: . . . After that raid the troops took it upon themselves to accuse the local population of having instigated the raid and then they proceeded to mistreat the Buergermeister and beat him up, and that caused the investigation which carried down until last week we finally closed the case.

Mr. Meader: What is the name of this town?

Captain Woodward: This was in Wertingen.

Mr. Meader: Will you describe a little bit how they beat up the Buergermeister? Also, how many were involved?

Captain Woodward: I can't tell you this authentically because my whole case record is over at the office.

Mr. Meader: But you personally investigated it?

Captain Woodward: Yes, sir, I went over that evening, May 15. As I recall, six of the colored boys walked into the Buergermeister and accused him of having reported the presence of these girls to Military Government and on the strength of that the Military Government made the raid. Without waiting for him to explain the thing -- they didn't speak the same language -- they just proceeded to beat him until his head was badly swollen.

Mr. Meader: What did they beat him with?

Captain Woodward: Just their fists. So we got the report from the police. We went over immediately and we went to the Buergermeister's house. The troops were all quiet by that time. We saw his condition and then explained to him that we were tendering our apologies for the conduct of the troops and that we would investigate it fully when he was well again. But when he got well he wouldn't talk, he wouldn't identify the soldiers for fear of further mistreatment to his townspeople and to himself.

Mr. Meader: So you don't know today who did it?

Captain Woodward: No.

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General McNarney thinks the War Department should bring the negro troops home and says that he is attempting to get them into barracks as quickly as possible. General Clay suggested that the negroes might be used as parade troops rather than service troops. This is a subject which should be discussed with the War Department officials in charge of personnel and should be further explored by the Committee. It is my belief that the War Department is aware of the situation, but is reluctant to take any action to correct it because they fear political repercussions from negro groups. Certainly, the conduct of the negro troops, as provable from War Department records, is no credit to the negro race and proper action to solve the problem should not result in any unfavorable reaction from any intelligent negro leaders.

In 1945 the average negro strength was 10% of the Theater strength. Negroes committed 50% of the major crimes. In other words, there were 9 white soldiers to every negro and nine major crimes by negroes to every one by white soldiers. In the first 8 months of 1946, negroes constituted 12 $\frac{1}{2}$ % of the Theater strength and committed 35% of the major crimes among the military.

The negro troops do not constitute the sole disciplinary problem in the Theater. The standard of discipline of some of our other troops has been little short of disgraceful. In an effort to control the situation General McNarney issued stern orders in early 1946, calling for improved discipline and establishing an elaborate reporting system of all incidents, many of which receive his personal attention or that of his Chief of Staff. The extent of the improvement, if any, resulting from these measures cannot be ascertained principally because adequate records had not theretofore been maintained. The rate of reported (but not verified) crimes against persons, committed by United States military personnel, in the two-week period ending September 30, 1946 reached its all-time high since the present statistical system was established last April. Despite the poor record of the negroes, the greater volume of such crimes is committed by the more numerous

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white troops, and it is reliably estimated that in 60-80% of these incidents the indigenous population was the victim. The effect of this situation upon United States prestige and on the efforts of Military Government should be self-evident.

The quality of white troop replacements has been inferior. Some military government officials contend that this applied not only to ~~the~~ enlisted men but to the officers as well.

An example of the type of personnel being dispatched to occupational duties by the War Department is given by local military government officers in the Land-Bavaria. Recently, a shipment of 236 enlisted men were sent as replacements to the Liaison and Security Detachments in the small communities. Twenty-one out of these replacements had a highschool education or its equivalent and the rest had less education than that. There is attached as Exhibit V a breakdown of these 238 individuals, showing their Army General Classification Test intelligence rating, which roughly corresponds to Intelligence Quotient, showing that about one-tenth are not even high-grade morons.

Additional information concerning the quality of troops and troop discipline is attached as Exhibits VI and VII.

The War Department should have the authority within itself to eliminate the difficulties arising from having two parallel organizations in Germany. It can also eliminate the results of assigning inferior personnel to occupational responsibilities. Whatever may be said of the larger problem of whether the War Department or the State Department should take sole responsibility for occupational functions, there need be no delay in taking corrective action within War Department agencies and military commands in Washington and in Germany. There is a hope that such action will be taken, but it is long overdue. The Committee could perform a useful service in maintaining vigilance over the speed with which this admittedly desirable reform is effectuated.

C O N F I D E N T I A L3. Relations between United States Government agencies in Germany and agencies in the United States:

It is in the relations between Berlin and Frankfurt on the one hand, and Washington, on the other, that the confusion of responsibility and channels of authority and communication are most disastrous.

Theoretically, the War Department, through Assistant Secretary of War Peterson and the Civil Affairs Division, headed by Major General Oliver P. Echols, is responsible for the administration and operation of United States occupational activities in Germany, as, indeed, they are in all other occupational areas in the world. However, General McNarney is a Theater Commander and General Clay his subordinate, although handling activities which are civilian in character, is in the chain of military command. This circumstance is a hold-over from the period when there was fighting and gives rise to a somewhat nebulous, but at times important, participation in administration by the Chief of Staff of the Army and the Joint Chiefs of Staff. Indeed, the basic United States document, governing the administration of our affairs in Germany is JCS-1067, meaning the Joint Chiefs of Staff directive of that number. Consideration is now being given to amendments of JCS-1067, which will bring this basic directive more in line with changed circumstances.

It is not wholly clear just what function the Joint Chiefs of Staff have to perform with respect to the government of Germany. From their document and from their status, it would appear that their authority encompasses matters both of policy and operation.

In theory, the State Department is responsible for policy, but what is a matter of policy and what is a matter of administration remains in considerable doubt, as does the proper procedure for settling any uncertainties or differences in distinguishing between policy and operation. It is not only the State Department which has authority over policy on occupation

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matters, but also the State-War-Navy Coordinating Committee (SWNCC) exercises some jurisdiction. This latter committee appoints sub-committees and refers to them certain subjects on military government for study and report.

Recently an additional advisory committee has been created. General Hilldring, Assistant Secretary of State is its chairman. Several Departments not members of SWNCC, such as the Commerce, and Labor Department, have representation on it. Precisely what authority this Committee has and where it fits in with the other agencies, I have not, up to the present, been able to ascertain.

Most important of all, the Secretary of State, the Reparations Commission and other special agencies, as well as the President himself affect military government in the agreements they make with other governments.

There is a looseness and confusion in the lines of administrative authority among the various instrumentalities having some responsibility and authority with respect to Military Government which cannot be conducive to the accomplishment of our national program with respect to occupation. In some cases, these responsibilities are very poorly defined. In other cases, there is duplication.

This is an administrative situation which was all too common throughout the war in various war programs and war agencies. The Committee has found it necessary to devote a good deal of its effort in the past to the elimination of confusion in war programs resulting from the separation of policy-making and operating functions and in diffusing and confusing authority by having several agencies, where a better job could be done by one.

It should be noted that the War Department has officially taken the position for some time that it should not be charged with the administrative responsibility of government of occupied areas. It has officially and publicly been recommended that these responsibilities be centralized in the State Department. I discussed this subject with General Clay who is of the

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opinion that the government of Germany should be handled by a civilian agency composed principally of civilian personnel, rather than detached Army officers.

In his testimony before the Committee on Wednesday, November 13, 1946, in New York, Secretary Byrnes made very plain that he was opposed to accepting the administration of occupational government as a State Department responsibility. In view of the attitude of the Secretary of State, it is obvious that the subject should be studied intensively, the facts ascertained, and a documented case presented to the Secretary of State or the President. In case this program is likewise unsuccessful, the only resource remaining is the passage of appropriate legislation, if the Committee is convinced that occupational government belongs wholly within the State Department.

C O N F I D E N T I A LB. Misconduct of Officers:

One of the charges made by Colonel Miller was that Army officers, some of them high-ranking, were engaging in black market activities and other immoral conduct, but were not being punished.

The Committee made Colonel Miller's evidence available to the War Department, which initiated an inspection under Brigadier General Elliott D. Cooke, Deputy, The Inspector General.

Independently, Headquarters, United States Forces, European Theater, was simultaneously conducting an investigation by Colonel Perry Baldwin, an Inspector General, of improper conduct on the part of officers, principally in Berlin. Colonel Baldwin's investigation is aimed at specific instances of wrong-doing, while General Cooke's investigation seeks to ascertain the efficiency of controls set up by the Army detecting and punishing violations of Army regulations. General Cooke is also understood to be investigating the intelligence situation.

The above investigations have not yet been completed and the final results are not available to the Committee. Mr. Nichol, my Special Assistant, was permitted to examine the testimony of some witnesses interrogated by Colonel Baldwin, and General Cooke discussed with us the progress of his inspection.

The following action has been taken, however, as to the following individuals:

Colonel J. B. EDMUNDS, former Director of Administrative Services and later Director, Transportation Division, Office of Military Government for Germany (United States), subject of numerous allegations, has been returned to the United States with a reprimand under the 104th Article of War for reasons of moral turpitude.

One Alfred BLOCH and one Philip TANDETT have been charged with the sale of 2,000 bottles of Schnapps to the Germans in violation of United States policy.

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Captain Norman P. BYRNE of Military Government has been brought back from the United States to stand trial for illegal movement of art treasures, including Dürer's etching, "The Horse".

Lieutenant Colonel J. B. FISHER and Major Louis DUPS, both of Military Government, are to be tried for trading with the enemy. These officers are charged with having set up a corporation for trading and import-export activities. Efforts are also being made to extradite from the United States one Maurice VAN STOCK for participation in this matter. FISHER is also being tried for soliciting money to act as agent of the Otis Elevator Company in Germany.

Major HAMLIN will probably be tried for Black Market activities.

Colonel B. J. WELKER of Military Government, Bremerhaven is under charges of "obstruction of justice" and "drunk and disorderly conduct".

Lieutenant Colonel J. SHAMEL of Military Government, Bremerhaven is under charges of "embezzlement and neglect of duty".

An undetermined number of officers will probably be implicated in the matters under investigation by Colonel BALDWIN.

The Committee should receive more information on this subject shortly and after completion of the Inspector General's investigations should examine the thoroughness of those investigations by making an independent check and examining particularly the punishment meted out to high-ranking offenders.

C. Displaced persons, Persecutees, and Expellees:

There are at the present time approximately 150,000 Jewish Displaced U. S. Zone of Persons in Germany, of whom less than one quarter were in Germany during the war. Their number has increased by 120,000 since January 1, 1946, and they are continuing to come. It is estimated that there are 100,000 Jews left in Poland, of whom the United States will eventually have to care for well over half. There are 180,000 Jews in Hungary whom the Russians are at present not permitting to leave. The United States continues to accept into its Zone the Jews, as well as any other eastern European people who can present a plausible claim that they are persecuted for racial or religious reasons or for political beliefs favorable to the Allies.

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At Babenhausen, there were 3,000 newly arrived Jews who had come from Poland. The Babenhausen camp had been opened for only about two weeks prior to my visit. It was at that camp where a train-load of Jews had refused to get off the train because the camp was not good enough. When the Army authorities threatened to turn the train around and send them back where they came from, they still did not get off the train. The Army authorities did turn the train around, but, instead of taking them back, took them to another camp.

These persons are, for the most part, penniless and do not desire to work, but expect to be cared for, and complain when things are not as well done as they think they should be. Mr. Goldman, the United Nations Relief and Rehabilitation Director of the camp, said that he had not been able to get more than 400 of the 3,000 to do any work, even fixing up their own dwelling space. When he did get any work out of them, it was because of offering special inducements, such as extra cigarettes.

It is very doubtful that any country would desire these people as immigrants. I spoke with a Jewish girl at Babenhausen, who said she was a block leader and asked her who had paid for the transportation of these persecutees through Poland and Czechoslovakia. She said it was the Jewish organization. I spoke with representatives of the American Joint Distribution Committee, both in Vienna and Paris, and they denied that their organization defrayed transportation costs for these people and insisted that this mass migration was a spontaneous movement generated because of pogroms and persecution in Poland. These representatives observed that the best way to solve the problem of what to do with these 150,000 Jews was to permit them to migrate to Palestine.

The Army authorities were unable to state the source of the financial support for transporting these train-loads of Jews, who all seem to be coming

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into our Zone. They suspect strongly, however, that the American Joint Distribution Committee is doing it in spite of their protestations to the contrary. General McNarney stated that he believed Mr. Schwartz, who is head of the Paris office, would admit they were furnishing the transportation.

It would be important to know two things: First, whether there is, in fact, persecution in Poland, or whether it is simply alleged without any basis; second, it would be important to know whether these mass migrations are spontaneous or are encouraged by paying train fare and otherwise for the purpose of building up a pressure in the United States Zone in Germany to further Zionist objectives. There is a very serious question of policy involved as to whether or not the United States taxpayers, without formally passing upon the question, should be compelled to finance a minority political program. Whatever the policy may be, and it may very well be that the Congress would desire to appropriate funds for this specific purpose, the facts should be known and the policy should be formulated with the full knowledge of those facts.

The War Department sought to close the camps of Displaced Persons, other than the Jews, and treat the occupants merely as Germans. It is said that considerable pressure developed from various racial and religious groups within the United States sufficient to cause a reversal of this War Department policy on a very high level. Programs have been initiated to arrange with South American countries, particularly, to accept some of these displaced persons as immigrants. Little progress has been made because the South American countries want to accept only the cream, leaving the least desirable persons still in our care.

This problem is a difficult one. Because it forms the basis for a large proportion of the appropriations made for military government, the

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Congress should be fully and accurately informed as to all the facts with regard to it.

Upwards of $5\frac{1}{2}$ million displaced persons have been repatriated or resettled. The repatriation of the "hard core" of $\frac{1}{2}$ million is difficult for a variety of reasons, ranging from inertia or a preference to stay where they are and be cared for to a fear that if they return home they will be either killed or abused.

Many of them are cared for in encampments, the German army barracks being used for this purpose in many places.

Of the 535,000 Displaced Persons in the United States Zone, 410,000 are in camps and 125,000 are living with the German population.

Displaced Persons are presently requiring the attention of some 800 United States Army Officers and men, of whom approximately 500 are devoting full-time to this duty. An estimated 10% of the effort of military service troops in the American Zone is also devoted to Displaced Persons. Approximately 1,400 United Nations Relief and Rehabilitation Administration personnel aided by some 600 personnel of various voluntary agencies, are also caring for Displaced Persons. United Nations Relief and Rehabilitation Administration furnishes no food, clothing or "Amonity supplies", such as soap and cigarettes. It provides supervision only.

United Nations Displaced Persons are accorded a basic ration of 2,000 calories per day, and persecutees, including Jews, receive an extra 200 calories. Statistics show all age groups and both sexes of these displaced persons to be overweight. However, an explanation of this condition has been offered in that the ration contains a substantial proportion of starchy foods which tend to create fat.

The finding of employment for Displaced Persons presents an additional problem which appears to have no satisfactory solution. It has already been

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pointed out that a number of Displaced Persons have thus far been able to support themselves outside Centers. However, among the estimated 275,000 employables only about 40-50% are employed, and such employment includes a substantial number engaged in "vocational training" within the Centers. Approximately 53,000 are employed by the United States Forces, and a certain number are engaged in their own Center administration. The basic difficulties of employment for Displaced Persons are that their Centers are often located distant from centers of employment; the German Reichsmarks which they earn have no foreign-exchange value; they may not buy in the rationed German economy; and finally they must compete with indigenous labor. Certain of them -- notably the Balts -- show a willingness and desire for work; others, including the Jews, do not want to work. The entire problem is rendered more acute in the light of the unavoidable moral and physical deterioration resulting from long periods of idleness and dependence on outside charitable support.

The lack of employment opportunities for Displaced Persons may contribute in part to the general security problem which they have created for the occupying forces. Black market activities have offered a convenient substitute for regular employment, and certain criminal elements have committed numerous crimes of violence. This is an aspect of the Displaced Persons problem which has received little publicity but has been a source of constant worry to those responsible for the maintenance of order. Accurate statistics can probably never be obtained; however, those furnished are worthy of note in passing.

G-5 Division, United States Forces, European Theater reports that incidents involving Displaced Persons dropped from a weekly average of 225 during the winter to a low of 163 in July. More revealing, perhaps, are

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the figures taken from the Weekly Intelligence Summary of G-2 Division of the same Headquarters. Examination of these figures over a period of 23 weeks in the first half of the current year discloses reports of 4116 thefts, 219 homicides, and 890 assaults, and available figures indicate that better than 50% of those reported may be considered verified.

Unfortunately the shortage of clothing in the earlier stages of Displaced Persons care necessitated the issuance of items of United States Army uniform to them; accordingly, a substantial number of these deprivations must have been charged up by the Germans to United States soldiers. (Uniforms for Displaced Persons have since been dyed).

The security situation is not eased by the fact that United States Forces are strictly limited in the extent to which German police may be used in Jewish and Soviet Centers. This policy was largely the outcome of an incident which occurred last March in a Jewish Center near Stuttgart, when German police, partially supported by United States Troops, were used to conduct a justified raid, during which a near riot occurred and one Jewish Displaced Person was shot and killed. The matter was immediately taken up by Jewish groups in the United States, with the result that a new procedure for the use of German police in Displaced Persons Centers was established, whereby German police might only enter such Centers in numbers limited to one or two essential individuals, unarmed, accompanied by "adequate United States Military personnel" and then only for the purpose of identifying persons or evidence connected with a crime committed outside the Center -- this although in the Stuttgart case the official findings were to the effect that the actions of the German police were "not unwarranted".

In summing up the security aspect of the Displaced Persons question, it must not be overlooked that the Germans must gaze with some bewilderment upon the conditions the United States permits to exist, and the behavior of

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the Displaced Persons themselves appears to be a strange expression of gratitude for the hospitality which they are receiving from the Americans.

The cost of caring for Displaced Persons has been estimated at \$12.00 per month per person for food (\$13.20 for persecutees) and \$49.00 for an initial outfit of clothing, with a \$5.00 monthly maintenance cost. The estimated cost of caring for Displaced Persons plus 15,000 Civilian Internees (the costs are computed together) for Fiscal Year 1947 comes to \$108,500,000 and for Fiscal Year 1948 to \$109,400,000. These figures come under the appropriations, actual and proposed, for Government and Relief in Occupied Areas. They do not take into account the cost of United States military and civilian personnel required to handle Displaced Persons matters, the share of the cost of tactical and service troops so required, the use of military vehicles and fuel therefor for Displaced Persons' transportation, nor the items paid by the German economy such as telephone, housing, medical supplies and equipment, medical services or housekeeping personnel.

No solution for the problem is presently in sight. Originally the matter was in the hands of the Inter-Governmental Committee on Refugees. However, late in 1945, Headquarters, United States Forces, European Theater realized that this committee was not going to solve the problem. In December a plan was submitted to the War Department for repatriation of certain groups, the closing of Centers and the turning over to the German economy of those persons not desiring repatriation. This plan followed a distressing course of delay for policy coordination in Washington, for consultation with the United Nations Relief and Rehabilitation Administration and eventually on April 24, 1946 the War Department notified Headquarters, United States Forces European Theater that the Secretary of State had announced the decision to defer closing of the Centers until after the United Nations Assembly should have an opportunity to consider the matter in September (later delayed to

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October) and that the War Department had no prior knowledge that such an announcement would be made. Plans are now being considered in Frankfurt for eventually turning over certain Displaced Persons to the German economy with safeguards set up through voluntary organizations; however, these plans are not yet definite.

The position of the other zones with respect to Displaced Persons offers a sharp contrast. The British Zone has some 300,000 Displaced Persons in Centers. However, as of July 1 the British ceased to accept Displaced Persons into their Centers and in addition, the British classify Jews according to their nationality rather than merely as Jews. The Displaced Persons problem in the French Zone is negligible, and it is estimated that the French have approximately 33,000. The Soviets have chosen the other possible alternative in handling their Displaced Persons; namely, they ignore them. When asked for information on this matter the Soviets have merely replied "We have no Displaced Persons problem" and at a recent meeting at Geneva the Soviets admitted the presence of 69 Displaced Persons.

The position of the United States with respect to Displaced Persons is one of continuing to accept all Jews and all "persecutees" into a Zone which is already beset with serious housing and food shortages and thus to place an additional burden on the United States occupation authorities in Germany.

A decision must ultimately be reached as to whether the United States desires to continue indefinitely its largesse at the cost of over 110 million dollars per year and untold problems.

There are over one million German refugees in the United States Zone. They are a primary responsibility of the Germans themselves, but each gets his 1,550 calories a day, at United States expense. "Expellees" are ethnic Germans expelled from Hungary, Czechoslovakia, Austria and Poland pursuant to the

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Potsdam Agreement. The United States has agreed to accept 2 million 250 thousand expellees in its zone. Although the British and Russians have also accepted large numbers of expellees, the French, claiming that they were not a party to the Potsdam Agreement, agreed to the acceptance of only 150 thousand expellees of a special category. It turns out that there are not that many, but only a few thousand, in that category.

D. Denazification:

There are two phases to denazification. The blanket removal from positions of authority and influence in government, industry, education, religion, press, radio, theater and other important fields of political, social and economic life in Germany was, with a few minor exceptions effectively and promptly accomplished by the United States Military Government officials. The second phase, the punishment of Nazis by fine, imprisonment, forfeiture of property and civil rights, is only in its beginning. This program in the United States Zone is being carried out by the Germans themselves under the German Law for Liberation. Considerable doubt has been raised as to the effectiveness of this latter program.

The guilt to be attached to the degree of an individual's association with the Nazi Party and its various clubs and organizations is determined by special courts known as Spruchkammern. Military Government has observers in what are known as Liaison and Security Detachments, permanently stationed in the larger cities and in what would correspond to our County seats. Most of these detachments consist of two officers and two enlisted men. They employ German clerical personnel. I interviewed officers from at least ten of these detachments. They are on the ground and in a position to have first-hand knowledge of the manner in which the Germans are conducting their denazification program. These officers were in almost universal agreement that the Germans are whitewashing Nazis and that high officials are escaping with practically

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no punishment. I also talked with a number of German citizens, who considered the Spruchkammern "lächerlich"(laughable).

Statistics have been furnished showing the number of persons classified in Category One, the most ardent class of Nazis, who have been found guilty of being only "Mitläufer" (followers), the most inoffensive class, and being assessed a fine of not more than 2,000 marks, which is considered very light. Upon paying the fine, these Nazis are then purified and are eligible for appointment to influential positions in government or industry.

In Bavaria, of 575 Nazis prima facie of the most ardent class on trial in one month, almost 400 were found by the Spruchkammern to be "followers" and only 25 were found guilty of being Class One Nazis.

General Clay states that he is aware that the Spruchkammern have not yet shown too good a record, but ascribes this to the fact that some 70,000 of the Nazi leaders are still in jail and that the courts have not begun to work on these, and also the fact that at present the court officials are United States Military Government appointees and do not have the independence and aggressiveness which he expects will result when these officials have become elective.

The question of denazification is a difficult one because it is a question of degree. Practically all of the important governmental posts and important positions in industry were occupied, of necessity, by members of the Nazi Party. To remove them all leaves the posts which they filled without adequate replacements. This applies also to the court systems. The people now in charge of enforcing the denazification law are ill-trained and incompetent. Not only this, it is said that the Germans have respect for their previous leaders and are reluctant to punish them severely, especially when they fear retaliation after the Americans have left. Reference is also made to the German psychology of respect for authority and the reluctance of the

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lower classes -- now in authority -- to be severe with their erstwhile bosses and officeholders.

Prosecution for political beliefs is repugnant to Americans, but, on the other hand, the Hitler regime will be left in the saddle unless its principal henchmen are removed from positions of authority and kept out.

The educational system has been given a quick denazification by throwing out the Nazi teachers and Nazi textbooks. The children have been gotten off the streets and the schools are running, although textbooks which do not contain Nazi ideology and propaganda even in such things as arithmetic problems, are scarce and not of the best quality. Shortages of money and paper and textbook writers are the principal obstacles to speedier progress in the textbook program.

A clearer definition of United States objectives in influencing the minds of the German people would permit Military Government officials in the educational, religious, cultural, press and radio fields to formulate more tangible programs. Some of the representatives in these fields seem to speak as though they were going to stay in Germany for decades trying to propagandize and educate the Germans to be Americans. Our policy needs to be spelled out in more specific terms than it now is.

One difficulty in denazification has arisen in connection with ministers. Apparently clergymen and educators from the United States, who recently visited Germany, have rather forcibly opposed the purging of ministers, even those sympathetic with Hitler's program.

The entire subject of denazification deserves exploration by the Committee.

E. Demilitarization:

There are two important aspects of demilitarization. The first is the demobilization of the German army, the disposal of German weapons and army

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supplies and fortifications, which is principally an Army activity. Although I did not have time to explore it in detail, my impression is that this has been largely accomplished. The second phase of demilitarization is the destruction or removal for reparations of plants and facilities. I witnessed the operation at Obrigheim, where some 2,100 machine tools, which had been installed in a gypsum mine, were being cleaned, renovated and crated (using 2 million board feet of lumber and about 600 German employees) for shipment to Russia as reparations. These machine tools were for the manufacture of Messerschmidt airplane engines. The program is expected to be complete by the middle of January. This is one of 24 plants in the United States Zone assigned for advance reparations which are thought to be only about 5% of the total that will be declared available for reparations. I also visited two other plants which are being dismantled for reparations -- the Kugelfischerfabrik ball bearing plant at Schweinfurt, and the Bayerische Motorenwerke plant at Munich. These latter two plants were declared available for reparations as a result of the Level of Industry Program.

The Level of Industry plan, which was announced last spring, seeks to set a percentage of pre-war productive capacity in Germany which will permit the Germans to live as well, but no better than other Europeans, and declares the remainder of undamaged productive capacity available for reparations.

In the automotive industry, for example, in 1938 Germany produced 276,000 passenger vehicles. There were about 14 or 15 vehicle manufacturers located in all zones. According to the Level of Industry Plan, Germany will be permitted to produce only 40 thousand passenger cars, split evenly between the United States Zone and the British Zone. In the British Zone, all 20 thousand will be produced by the Ford Motor Company. In the United States Zone, 10 thousand will be produced by Opel, a subsidiary of General Motors,

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and the other 10 thousand will be produced by Daimler Benz.

All of the rest of the productive capacity for passenger cars in Germany will be declared available for reparation. This is the case with the factory of the Bayerische Motorenwerke in Munich. When I visited this plant, the German company officials who showed us around said they had petitioned Military Government to permit them to retain 900 of their old machines (they had a total of 4,500), so that they could engage in the production of motorcycles and light cars or in some other business. Apparently they were supported by what would correspond to our Chamber of Commerce and Mayor, on the ground of employment and community welfare.

This experience served to illustrate to me that the bombing damage, extensive as it was in Germany, is insignificant when compared to the destruction of a highly civilized industrial economy which will result from the carrying out of the Level of Industry Program. From only a cursory consideration and study, the question is naturally raised as to whether anybody, especially with the facts that were available at the time the Level of Industry Program was adopted, could calculate to such a nicety the economic effects of such a program. There is also the question as to whether or not any benefit is being conferred on the liberated areas of Europe by so drastic a curtailment of German productive capacity if these other areas have grown to be dependent to a substantial degree upon the German economy during the course of decades.

I understand that Russia is now advocating a relaxation in the severity of the Level of Industry Program, both for the purpose of currying favor with the Germans and for the purpose of exacting reparations from the fruits of the productive facilities, rather than taking the facilities themselves. It is stated that Russia is seeking to use our desire for economic unity as trading material to achieve relaxation in the Level of Industry Program.

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It might also be noted that where only one out of ten plants is to be permitted to remain in operation, the temptation to play favorites is tremendous.

As a lawyer, it disturbs me to see property rights, which I have been accustomed to dealing with in litigation, sometimes protracted, dealt with in such a cursory and wholesale fashion. We may be creating more problems than we solve. After the program of the Level of Industry Plan has been accomplished we may be farther from peace, stability and a high level of civilization in Europe than before the program was formulated. This is a field in which Congress was not consulted, but for which it will have to pay the bill. In justice to Congress and to the people, they both should be fully and accurately informed.

F. Decartelization:

One of the objectives of our occupation of Germany, as stated in Article III-B-12 of the Potsdam Declaration, is as follows:

"At the earliest practicable date, the German economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements."

No agreement has been reached on a quadripartite basis for carrying into effect the above-quoted provision. I interviewed at some length Mr. James Martin, Chief of the Decartelization Branch of the Economic Division of the Office of Military Government, as well as General Draper, the head of the Economic Division. Substantial agreement has been reached among the United States, French and Russian representatives on a decartelization program embodied in a statute to be adopted by the Allied Control Authority; however, British representatives have not agreed.

General Clay has instructed the Decartelization Branch to prepare a draft of a statute which could be adopted unilaterally in the United States Zone. By far the larger portion of German industry is located in the Ruhr

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in the British Zone. A somewhat smaller proportion of German industry is located in the Saar in the French Zone. Furthermore, cartels, syndicates and trusts were established by Germany without regard to any zonal alignment. The fundamental additional facts are that German industry was closely controlled under Hitler on a national basis, and also that German cartels operated extensively in foreign areas and in concert with industrial enterprises and combinations in other countries.

The proposal upon which Russian, French and United States decartelization officials have reached substantial agreement is mandatory in character and requires the limitation of industrial enterprises to a specified size, based upon various standards, such as the productive capacity of an enterprise as compared to the total capacity of the industry number of employees and other criteria.

The position of the British authorities is that decartelization should not be mandatory, but should be permissive, leaving discretionary authority in the agency charged with administering and enforcing the decartelization law.

It should be noted that the British position does not seem to be in full accord with statements condemning German cartels in very vigorous terms, which have recently been made by the British Foreign Secretary, Ernest Bevin.

The impasse between the British negotiators on the one hand and the Russian, French and United States negotiators on the other, however, has reached the point where General Clay has instructed Mr. Martin to draft a statute on decartelization which could be applied unilaterally within the United States Zone. It is realized by General Clay and Mr. Martin that this procedure might actually make matters worse because cartels cannot be handled on any such basis successfully, but they counter with the view that they believe the Russians and French will simultaneously adopt similar provisions

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within their Zones, and that although the principal industrial concentration is in the British Zone, the unilateral action of the three powers will cause such pressure to be directed at the British occupational authorities that they will be compelled to join in the decartelization program.

I have not studied sufficiently the proposed United States decartelization law to express an opinion upon its desirability as a means of accomplishing the objective agreed upon at Potsdam. In my opinion, this deserves thorough examination and should be reported to the Senate.

There are those who believe that causes of war are, in large part, economic. Restrictions, obstacles and barriers to a free and competitive world economy, whether controlled by national governments or by individuals, may well impose an economic rigidity and monopoly within which natural accumulations of economic power are confined until the pressure exceeds the vitality of the restrictions, resulting in a disastrous explosion.

It is the announced policy of the United States Government to achieve a world economy of such flexibility that such economic pressures will not have to arise in the future. The United States proposes to achieve that flexible world economy by establishing internationally principles of competition and equality of opportunity which have proved successful in achieving in the United States a high degree of economic development and the high standard of living resulting therefrom, as well as a maximum of economic freedom and individual self-expression.

This policy has been expressed repeatedly, not only in the Potsdam Conference, but previously in the Atlantic Charter, in the lend-lease agreements and in the settlement of lend-lease and the loan of $3\frac{1}{2}$ billion dollars to Great Britain. At the present moment, the conference contemplated by the British-United States lend-lease settlement of December 6, 1945 is being held in London. Paradoxically, United States representatives at this London Con-

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ference seem to have practically no liaison with the United States Officials in charge of decartelization and German external assets in Berlin.

Furthermore, it is a matter of general knowledge that German industrial and trade combines were utilized rather effectively by Hitler in his program of aggression. Because German industry had been concentrated in large units, it was a comparatively simple matter to achieve conversion of German manufacturing enterprises to the production of armaments and to do so secretly. Furthermore, through foreign operations and through agreements with industrial enterprises in other countries, Hitler was able to use German cartels to weaken his possible enemies industrially. This Committee, among others, has already called attention in the past to the effect of syndicates, cartels, patent arrangements and other techniques on important industrial programs in limiting our ability to prepare for war. The situation in light metals, in which Alcoa and Dow had monopolies in aluminum and magnesium, respectively, prior to the war; the situation with respect to rubber, in which we were at the mercy of British and Dutch trusts for natural rubber and were limited and delayed in the production of synthetic rubber by relationships between Standard Oil and DuPont and I. G. Farben; the situation with respect to many other strategic metals and materials subject to international cartel control; and numerous other artificial monopolistic arrangements and practices, all tended to operate against the effectiveness and speed with which the United States was able to develop its national defense.

From the point of view of preventing further wars and from the point of view of strengthening the United States for its defense in the event there is another war, the subject of cartels and restrictive international industrial and trade arrangements must receive the continual and intensive study of the United States Congress. Regardless of the effectiveness of any such continuing investigation in developing facts which could form the basis for sound legislative programs, the very existence of an investigative body devoting attention to this subject would have some retarding effect upon those seeking to continue

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and to expand international monopolistic activities.

It is also a matter of common knowledge that Hitler-Germany utilized German industrial combines extensively in governmental programs, such as espionage in foreign countries and the exertion of economic pressures for the purpose of achieving German national objectives. It might be noted that Germany was not the only country utilizing this technique. Close control of industries permits their employment as instruments of national policy much more readily than would be the case where industry is highly competitive and national controls, of necessity, could be less easily concealed.

G. German External Assets:

German owned industrial properties located outside of Germany are related to the foregoing discussion of cartels. The factual aspects of the handling of German external assets are made very difficult because of highly developed cloaking techniques extensively utilized by German industrialists. One of these practices was that the stocks deposited for safe-keeping with the six large German banks were voted by those banks, although not beneficially owned by them, and the fact that the identity of the beneficial owners was rendered easy to conceal because of the widespread practice of the issuance of bearer stock certificates. Banking relationships between Germans and neutral countries, particularly Switzerland and Sweden, and through those countries relationships with nationals of countries which are members of the United Nations, are thought to be extensive but difficult to trace and prove. However, because of the announced program of the United States with respect to the elimination of world trade barriers and restrictive agreements, it is important that all subterranean financial, industrial and commercial relationships be thoroughly explored for the purpose of determining whether they are in the national interest.

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The Allied Control Authority, under what it conceived to be the purpose of the Potsdam Declaration, passed Law No. 5 which provided for the vesting of all German external assets in its German External Property Commission except those which had already been vested by members of the United Nations under agencies similar to our Alien Property Custodian.

However, it is said that Switzerland and Sweden, particularly, disregarded this vesting with respect to German assets located in their countries. As a result of this opposition, and possibly for additional reasons, the German external assets in those countries were handled on a wholly different basis. Allied Control Authority Law No. 5 never became operative in reality. Mr. Randolph Paul was appointed as a Special Assistant to the President for the purpose of negotiating with regard to German external assets on behalf of the United States and arrived at agreements with both Switzerland and Sweden. Charges are made that these agreements were hastily arrived at and ineffectively negotiated from the point of view of achieving United States objectives. This subject deserves complete exploration, as does the handling of the powers of the Alien Property Custodian with respect to German-owned assets in the United States. This subject likewise, is related not only to the entire German external assets problem, but is also related to the question of the re-establishment of cartels, as well as the question of the utilization of governmental authority for private objectives.

C O N F I D E N T I A LH. Quadripartite Action:

Although there has been failure to achieve agreement between the occupying powers on many important basic phases of the occupation of Germany, we are prone to fail to notice the positive accomplishments in agreements that have been reached.

The foregoing discussion in this report has largely related to internal administration of our Military Government program, either within our own Zone or with relation to United States agencies in Germany and United States agencies in Washington concerned with Military Government.

From the Allied Control Council, on which General McNarney is our representative, through the Coordinating Committee, on which General Clay is the United States representative, and through the various Directorates, on which the heads of Functional Divisions of the Office of Military Government are United States representatives, on down through even lower levels of administration, there are quadripartite committees dealing with various phases of the occupation of Germany which require action by all four occupying powers.

I did not intensively explore the activities of these quadripartite agencies on different levels, because I conceived the Committee's interest to be concentrated in the internal administration of United States responsibilities in Germany, as opposed to its relationships with the other powers.

For this reason, the quadripartite phase of our agents' activities was investigated only as incidental to internal activities of our agencies. However, it is impossible to separate these activities completely because the same agents engage in both, and what is done internally is affected by what is done on a quadripartite basis and vice versa. An example of this is furnished in the foregoing discussion on decartelization.

Accordingly, I am unwilling to offer as a conclusion, but merely as an impression, the observation that quadripartite discussions are notable more for the agreements that are reached, than they are for the disagreements. In this

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connection, it is appropriate to note that even in the United States Congress there is not always unanimity of thought concerning programs, and some worthwhile programs are delayed and others are modified and amended in the legislative process of compromise. General McNarney offered the opinion that the record of quadripartite committees is at least as good as that of Congress in achieving agreement on worthwhile programs.

Furthermore, I did not seek in my investigation to explore the administration of occupational authority on the part of other powers, except as I requested information from our representatives as to the manner in which certain problems were handled by the other powers, principally for purposes of comparison. Of course, I did have the benefit of the report of the Select Committee on Estimates of the House of Commons of the British Parliament, resulting from an on-the-spot investigation by that committee, conducted in the first week of July 1946 and reported to the House of Commons on July 23, 1946, as well as the debates in the House of Commons on this report on July 29, 1946.

In general, it appears that our representatives, both in Germany and in Austria, have had greater authority delegated to them than is true in the case of the representatives of the other occupying powers. This stems, in part, from the United States Army policy of delegating greater authority to its field commanders than is true in the case of other armies (for example the British), and probably, also, is affected by the fact that all of the capitals of the other powers are within easy communicating distance of Berlin and Vienna. Nevertheless, the fact remains that United States representatives, particularly General Clay, are in a position to take action on most matters which are discussed at their level much more promptly and with less consultation with their superiors than is the case with the other representatives corresponding to them.

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The most notable failure to achieve agreement is in those areas of decision which are above and beyond the power of the Allied Control Authority. One matter of this character, of course, is the failure to achieve in reality the treatment of Germany as an economic unit. This, of course, is the most difficult area in which to achieve agreement, first, because major national policies and objectives come into play at this level, and second, because matters on which agreement is not reached at lower levels are referred to the higher levels for settlement.

This lack of agreement on top levels necessarily has its repercussions in the conduct of the affairs by General Clay and his subordinates because their programs, in many instances must be held up pending either unilateral policy decisions in Washington or agreement between the occupying powers on basic matters. I am convinced that agreement on the higher levels could be achieved more readily, and wise programs could be worked out more promptly and more specifically, if there were a closer relationship between General Clay and Secretary Byrnes, in order that General Clay might consult Secretary Byrnes freely and upon his own motion, as he cannot now do, and also that Secretary Byrnes might have the advantage in his negotiations with the other Foreign Secretaries of obtaining the maximum of information resulting from operating experiences. I do not yet know how many times General Clay has consulted with Secretary Byrnes. I do know that General Clay can talk to Secretary Byrnes only upon the latter's request. In one instance, this request resulted from the suggestion of an unofficial intermediary.

C O N F I D E N T I A L

VII. Conclusion

The Committee ought to explore thoroughly and in a continuing investigation the conduct of government in occupied areas on the part of United States agencies.

Considerable opposition has developed to the Committee's investigation. In my opinion, the facts obtained in the preliminary investigation indicate clearly the need of a thorough study by the Committee. Efforts which have been made recently to block this inquiry fortify that conclusion by raising the suspicion that there is something to hide which the Committee might uncover if it did conduct the investigation.

C O N F I D E N T I A L

EXHIBIT I

Special Senate Committee Investigating
The National Defense Program
Washington, D. C.

IMMEDIATE RELEASE
SEPTEMBER 12, 1946

Senator James M. Mead (D., N.Y.), Chairman of the Special Senate Committee Investigating the National Defense Program, announced today:

"For some time, the Committee has been engaged in the study of the operation of military government in occupied areas. The occupation of enemy territory is a part of the war and the cost to our government involved in such occupation constitutes a war expenditure, which is of interest to the Committee.

"The Committee has held no public hearings in Washington on this subject, although Subcommittees on field trips overseas have conducted hearings on military government activities in connection with other phases of the war effort included in such overseas investigations. The Committee's work in Washington up to the present time has been in the preliminary stage, consisting of investigative staff work and executive hearings.

"With respect to the military government of Germany, the Committee has been interested in the extent of the increased cost to the United States Government arising from the division of Germany into four zones controlled by four separate powers. A thorough examination of this matter can only be made by a Subcommittee conducting a field investigation in Germany. Complaints have also been received by the Committee that other phases of the conduct of our occupying forces in Germany are reflecting discredit upon the United States. The subcommittee would also explore these allegations. The Committee are agreed that this matter is of prime importance and deserves a top place on the Committee's agenda.

No date for hearings in Germany can now be set since it will be necessary to await the completion of the preliminary investigation and the availability of Senators to serve on the Subcommittee.

C O N F I D E N T I A L

EXHIBIT II.

Special Senate Committee Investigating
The National Defense Program
Washington, D. C.

September 30, 1946

CONFIDENTIAL MEMORANDUM TO THE PRESIDENT OF THE UNITED STATES

SUBJECT: The Investigation of Military Government in Europe

At its executive session on Thursday, September 26, 1946, the Committee decided to undertake an investigation of military government in the European Theater. Counsel was instructed to make a preliminary investigation, both in Washington and in Europe, on the basis of which the Committee will determine what further investigation, if any, it will conduct.

The Committee desired to cooperate with the executive from the very beginning of its investigation by making known to the President the nature of the information it had received up to this time and by subsequently making available to the President the facts developed after investigation. The Committee realizes that much of the corrective action, if any, to be taken may fall within the executive department rather than the legislative.

For your information, we are transmitting herewith copies of three executive hearings of the Committee on military government in Europe, as follows:

1. April 5, 1946
Principal witness: Major General O. P. Echols, Head of the Civil Affairs Division, War Department.
2. August 14, 1946
Witness: Colonel Francis P. Miller, formerly Executive Officer and Plans and Policy Officer, Office of the Director of Intelligence, Office of Military Government for Germany.
3. September 26, 1946
Witnesses: Mr. Kenneth C. Royall, Under Secretary of War; Mr. Howard C. Petersen, Assistant Secretary of War; and Mr. John J. Hildring, Assistant Secretary of State for Occupied Areas.

Although the Committee does not desire to specify conclusively the phases of military government in which it will be interested until it has considered the facts obtained in the preliminary investigation, it would appear, at this time, that the Committee should examine into the following:

C O N F I D E N T I A L

Confidential Memorandum to the President
September 30, 1946
Page 2 - continued

1. The annual cost to the United States taxpayers of the discharge of military and civilian occupational responsibilities in the European Theater.
2. The probable duration and prospective expense involved in occupation in the future.
3. The efficiency with which the occupational functions are being performed and possible improvements in performance or reduction of the cost thereof.
4. The administrative lines of authority between military government officials and agencies in Washington and those in the field.
5. Allegations that official positions in connection with military government are being utilized to further the private financial interests of individuals and companies.
6. The effectiveness with which American policies as to the establishment of democratic government and a democratic economy in the occupied areas are being carried out.
7. The effects of a continuation to administer the occupied areas of Germany and Austria as separate zones, rather than as economic units.

C O N F I D E N T I A L

EXHIBIT III

ITINERARY OF PRELIMINARY INVESTIGATION OF MILITARY GOVERNMENT

- 10 October Departure by air for Paris.
- 12 October Arrival in Paris
- Conference on surplus property sales with:
 Charles W. G. Rich, Colonel, Chief of Staff, Western
 Base Section;
 George W. Hanson, Colonel, G-4, USFET Liaison Officer;
 Ferguson, J. L., Lt. Colonel, G-4, USFET Liaison Officer;
 William H. Connerat, Colonel, G-4, USFET.
 Horace G. Reed, Deputy Central Field Commissioner for
 Europe;
 Charles S. Cobb, Jr., Director of Operations, OFLC.
- (Record 44 pages)
- 13 October Paris to Frankfurt by air.
- 14 October Frankfurt.
- Conference on personnel, intelligence, surplus property
 and supply, costs of occupation and displaced persons, with:
- C. R. Heubner, Major General, Chief of Staff, USFET;
 Carter B. Magruder, Major General, Assistant Chief of
 Staff, G-4;
 Withers A. Burress, Major General, Assistant Chief of
 Staff, G-2;
 Miller G. White, Major General, Deputy Chief of Staff;
 Roderick R. Allen, Brigadier General, Assistant Chief of
 Staff, G-3;
 John S. Hill, Colonel, Assistant to the Chief of Staff;
 Robert A. Schow, Colonel, Deputy Assistant Chief of
 Staff, G-2;
 S. R. Mickelsen, Colonel, Assistant Chief of Staff, G-5;
 Wallace H. Barnes, Colonel, Acting Assistant Chief of
 Staff, G-1;
 John W. Dobbins, Jr., Colonel, Theater Budget Director;
 Richard May, Lieutenant Colonel, G-3.
- (Record 60 pages)
- 15 October Frankfurt to Berlin by air.
- Informal meeting with Lieutenant General Lucius D. Clay,
 Deputy Military Governor.
- 16 October Berlin.
- Conference on administrative structure of Military Govern-
 ment and policy relationships with Colonel D. L. Robinson,

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Control Officer, Office of Military Government, Germany
(United States).

(Record 99 pages)

17 October

Berlin.

Conference with Dr. J. W. Taylor, Chief, Education and Religious Affairs Branch, Internal Affairs and Communications Division, Office of Military Government for Germany (United States)

(Record 19 pages)

Conference with Colonel James T. Duke, Personnel Officer, Office of Military Government for Germany (United States).

(Record 16 pages)

Conference on civil administration in Germany with Mr. Henry Parkman, Director, Civil Administration Division, Mr. Edward M. Litchfield, Deputy Director, Civil Administration Division, Office of Military Government for Germany (United States).

(Record 22 pages)

18 October

Berlin.

Conference with intelligence agencies and Intelligence Coordinating Committee of Office of Military Government for Germany (United States):

T. J. Koenig, Colonel, GSC, Office, Director of Intelligence;
Walter B. Jessel, Captain, Office, Director of Intelligence;
Frank M. Potter, Jr., Lt. Colonel, GSC, Office, Director of Intelligence;

Dana B. Durand, Strategic Services Unit;
Albert Wilson, Lt. Colonel, G-2 Section, Berlin District;
Henry G. Barlerin, Economic Division, Office of Military Government for Germany (United States);

E. O. Strobel, Finance Division;

Robert Schmid, Information Control;

William H. Kinard, Jr., Lt. Colonel, GSC, Deputy Director, Information Control;

James P. Kaiser, Lt. Colonel, GSC, Political Affairs;

James M. Austin, Major, A. C., Armed Forces Division;

B. W. Gocke, Public Safety Branch, IA&C Division;

Donald T. Jones, Lt. Colonel, F. A., Civil Administration Division;

Edward G. Riedel, Lt. Commander, U.S.N., Office of Naval Adviser.

(Record 71 pages)

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19 October

Berlin.

Conference with Mr. T. H. Ball, Deputy Director, Finance Division, Office of Military Government for Germany (United States).

(Record 17 pages)

Conference on intelligence with Lt. Colonel F. M. Potter, Jr., Chief, Analysis and Report Section, Office of Director of Intelligence, Office of Military Government for Germany (United States).

(Record 31 pages)

21 October

Berlin.

Conference with Mr. Malcolm S. McComb, Chief, Policy and Coordination Branch, Economic Division, Headquarters, Office of Military Government for Germany (United States).

(Record 11 pages)

Conference with Colonel L. Wilkinson, Chief, Industry Branch, Economic Division, Headquarters, Office of Military Government for Germany (United States).

(Record 28 pages)

Conference with Colonel Hugh B. Hester, Chief, Food and Agriculture Branch, Economics Division, Headquarters, Office of Military Government for Germany (United States).

(Record 13 pages).

Conference with Brigadier General W. H. Draper, Jr., Director Economics Division, Office of Military Government for Germany (United States).

(Record 58 pages)

22 October

Berlin.

Conference with Brigadier General McClure, Director, Information Control Division, Office of Military Government for Germany (United States), and members of his staff.

(Record 5 pages)

Conference with Brigadier General W. H. Draper, Jr., Director, Economics Division, Office of Military Government for Germany (United States).

P. Hawkins, Deputy Chief, Decartelization Branch;

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Creighton R. Coleman, Legal and Quadripartite Section;
James S. Martin, Chief, Decartelization Branch;
Dr. Don D. Humphrey, Deputy for Negotiations.

(Record 26 pages)

23 October

Berlin to Frankfurt by air.
Frankfurt to Wiesbaden by motor.

23 October

Wiesbaden.

Conference at Headquarters, Office of Military Government
for Greater Hesse, Wiesbaden, Germany, with:

Dr. James P. Newman, Director, Military Government for
Greater Hesse;
James O'Steen, Lt. Colonel, Director of Intelligence,
Office of Military Government for Greater Hesse.

(Record 24 pages)

Conference with Lt. Colonel Anthony F. Kleitz, Chief
Information Control Division, Office of Military Government
for Greater Hesse.

(Record 17 pages)

24 October

Wiesbaden to Stuttgart by motor, with stops at Messerschmidt
underground airplane motor factory in Obrigheim and at
Liaison and Security Detachment at Mosbach.

24 October

Informal conference at Wiesbaden with various elements of
staff of Office of Military Government for Greater Hesse
and with Dr. Geiler, Minister-Präsident, Land Greater Hesse.

25 October

Stuttgart.

Informal conferences with:

Colonel Edwards and Staff, Office of Military Government,
Württemberg-Baden;
Colonel Dawson, Regional Government Coordinating Officer;
Dr. Mayer, Minister-Präsident, Land Wurttemberg Baden;
Major Potter.

Stuttgart to Munich via Günzburg and Augsburg by motor.

Günzburg, Bavaria.

Conference with:

Clark M. Avery, Lt. Colonel, Commanding Officer,
Company C, 3rd Military Government Regiment;

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Milton G. Norum, Major, Det. G-293, Landkries Günzburg;
Julette O. Renalds, Captain, Landkreis Illertissen;
John S. Woodward, Captain, Landkreis Wertingen;
William O. Weishaat, 1st Lt., Landkreis Günzbur;
Sydney S. Siskind; Senior Field Inspector, Office of
Military Government (United States), Special Branch.

(Record 35 pages)

26 October

Munich.

Informal conference with Brigadier General W. J. Mueller,
Director, Office of Military Government for Bavaria.

Conference at Headquarters, Office of Military Government
for Bavaria with:

James McCaslin, Lt. Colonel, Chief, Reparation and War
Potential Section;
Theodore A. Christophil, Major, Chief, Personnel Branch;
Charles McDonnell, Major, Chief, Public Safety Branch;
H. A. Taylor, Major, Chief, Industry Branch;
Fred A. Meyer, Colonel, Chief, Personnel and Adminis-
trative Division;
Peter Vacca, Major, Branch Chief of Intelligence;
R. C. Martindale, Intelligence, ICD;
Peter G. Harnden, ICL, Political Affairs;
Paul S. Nevin, Chief, Trade and Commerce Branch;
Russell R. Lord, Chief, Finance Division;
George R. Quarlis, Chief, Food and Agriculture Branch.

(Record 76 pages)

Informal conference with Dr. Hoegner, Minister-Präsident
of Bavaria and visit to Bayerische Motoren Werke.

27 October

Munich to Salzburg via Rosenheim and Berchtesgaden by motor;
departed Salzburg for Vienna by train.

Informal conferences with Liaison and Security Officers at
Rosenheim and Berchtesgaden; meeting with General Collins,
Zone Commander, at Salzburg.

28 October

Arrived Vienna.

Conference with Brigadier General Ralph Tate, Deputy Commander
United States Forces in Austria.

(Record 24 pages)

29 October

Vienna.

Conference with Brigadier General Ralph Tate, Deputy
Commander, United States Forces in Austria;

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Colonel Howard, Assistant Chief of Staff, G-2, United States Forces in Austria;

Major Scotti, Headquarters, United States Forces in Austria;
Colonel Kretzmann, Headquarters, United States Forces in Austria;
Colonel McFeely, Headquarters, United States Forces in Austria;
Colonel Norcross, Headquarters, United States Forces in Austria;
Colonel Silsbee, Headquarters, United States Forces in Austria.

(Record 43 pages)

Conference with Mr. Silber, American Joint Distribution Committee.

(Record 7 pages)

30 October

Vienna to Nürnberg by air.
Nürnberg to Frankfurt via Schweinfurt and Würzburg by motor.

Informal meeting with Brigadier General Telford Taylor, Chief of Counsel, War Crimes Trials.

Informal conferences with Liaison and Security Officers at Nürnberg, Würzburg and Schweinfurt.

Visit to Kugelfischer Ball Bearing Plant.

31 October

Frankfurt to Berlin by air.

1 November

Berlin.

Conference with Major M. Keith Wilson, Chief, Denazification Section, Public Safety Branch, Office of Military Government for Germany (United States), Berlin;
Major Edward Johnson, Chief, Special Branch Office for Bavaria;
Major William Garland, Chief, Denazification Division, Wuerttemberg-Baden.

(Record 13 pages)

Informal conference with Lt. General Lucius D. Clay, Deputy Military Governor, and with various staff members on denazification and other subjects.

2 November

Berlin.

Informal conference with Lt. General Lucius D. Clay, Deputy Military Governor.

3 November

Berlin to Paris via Frankfurt by air.

Informal conference with General Joseph T. McNerney, Theater Commander, at Frankfurt.

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4 November

Conference with:

Mr. Louis H. Sobel, Assistant Secretary, American Joint Distribution Committee;
Melvin S. Goldstein, Secretary to Dr. Schwartz, European head of American Joint Distribution Committee;
Miss Evelyn Morrissey, Assistant Treasurer, American Joint Distribution Committee.

(Record 17 pages)

Informal conferences regarding sale of surplus property (Gaylord and Edwards) with:

Mr. D. F. Moore, Chief, Engineer Supply Section, Western Base Section;
Captain P. J. McClure, Office of the Inspector General, Headquarters, Western Base Section;
Colonel Nathaniel Rogers, Enforcement Officer, Office of Foreign Liquidation Commissioner (Paris).

5 November

Departure from Paris for Washington by air.

6 November

Arrival in Washington.

EXHIBIT IV

STATEMENT OF INFORMATION REQUESTED BY U.S.

SENATE NATIONAL DEFENSE COMMITTEE

I. GENERAL

1. Statement of comparison of the United States program in Germany with the progress made in the other Zones of Occupation, with respect to:
 - a. (1) Denazification
(2) Demilitarization
(3) Decartelization
 - b. Creation of responsible, stable and democratic German government.
 - c. Achievement of other positive long-range objectives of the Potsdam Agreement.
2. Furnish organizational charts of Military Government in British, French and Russian zones.
3. List subjects on which periodic reports are issued by:
 - a. Other zones of occupation (indicating zone)
 - b. Allied Control Authority.
4. Information regarding relationship between Military Government Headquarters in other Zones of Occupation and their respective national governments, including:
 - a. Extent to which authority has been delegated to the respective Military Governors, compared to the authority of the U. S. Military Governor.
 - b. Department or Ministry of home government exercising authority with respect to Military Government.
5. Furnish abstracts of requests by Office of Military Government for instructions on policy matters, showing date of request and date of reply.
6. Furnish abstracts of major decisions made by Office of Military Government for Germany and action taken (by directive or otherwise) without requesting instructions from Washington.
7. Estimates of annual total cost of operation of Military Government for fiscal 1947 and fiscal 1948 with a breakdown showing major items and explanation of methods of calculation.

EXHIBIT IV (cont)II. ORGANIZATIONAL STRUCTURE

1. Copies of any documents providing or regulating delegation of authority by the Military Governor to the Deputy Military Governor, with any amendments thereto, and unless contained in the foregoing documents, a statement regarding the power to revoke such authority.
2. Documents consolidating Office of Military Government (Zone) with Office of Military Government for Germany, with statement regarding the disadvantages existing prior to such consolidation and advantages resulting therefrom.
3. Documents relating to proposed consolidation of Headquarters, Berlin District, with Headquarters, Office of Military Government for Germany, with statement regarding the disadvantages existing under the present set-up and the advantages anticipated under the proposed consolidation.
4. Copies of documents establishing the relationship between Assistant Chief of Staff, G-5, Headquarters, United States Forces, European Theater and Office of Military Government for Germany (United States), together with statement as to the advantages or disadvantages of such relationship in respect to staff coordination and expeditious lateral communication between staff elements of the two Headquarters.
5. It has been claimed that lower echelons of United States Forces, European Theater interfered with programs which Office of Military Government for Germany is attempting to carry out. If there is, or has been, any basis for this contention, furnish information on specific instances in which this interference has occurred, an appraisal of its seriousness; indicate the extent of improvement, if any, and suggest means by which any remaining interference can be eliminated or minimized.
6. List by Staff Divisions and Functional Offices, the types of policy matters arising in Office of Military Government for Germany which are referred to one or more staff elements of Headquarters, United States Forces, European Theater, for coordination or concurrence prior to final decision.

III. PERSONNEL

1. Number of United States personnel now engaged in Military Government in Germany, with breakdown between civilian and military; professional and clerical; headquarters, Zone, Berlin District.
2. How many persons now in professional and clerical positions in Military Government have had special training for such work in Military Government schools, in the United States? What percentage of total professional and technical personnel does this represent?
3. Statement of opinion as to whether Military Government training in the United States substantially aided personnel in performance of Military Government duties.
4. What, if any, training for Military Government duties is being carried on or planned in Germany?

EXHIBIT IV (cont)

5. Describe plans for civilianization of Military Government personnel and how are these plans phased?
6. Estimates for the number of Military Government personnel required in Germany as of 31 December 1946, 30 June 1947, and any subsequent periods for which plans now exist.
7. Will civilianization of Military Government increase or decrease the costs of operation thereof, and to what extent?
8. What, if any, program is under way or contemplated for review of Civil Service ratings held by Military Government employees, with a view to determining whether such rating is justified by the duties performed? If there has been any such review to date, furnish concise statement of results thereof and estimated increase or decrease in the cost of Military Government, resulting therefrom.
9. Number of German personnel now employed by Military Government in Germany showing breakdown between headquarters and Zone, with statement of estimated increase or decrease in such number over the next three years by years. Are such personnel paid from United States funds?
10. Furnish statistics on turnover of Military Government personnel with breakdown as to:
 - a. Total by months and by division.
 - b. Civilian and military.
 - c. Professional and clerical.
11. The Committee is informed that current War Department policy requires Military personnel who have served thirty-six months overseas to return to the Zone of Interior, regardless of any desire to volunteer for further duty in Germany. Furnish information on such policy with statement as to whether it has worked, or will work, a substantial hardship on Military Government. What provisions exist for exempting Military Government personnel from ordinary redeployment turnover? Does such provision apply only to "scarce category" personnel and if so, what types are considered scarce categories, and how many have been held by Military Government beyond normal redeployment date?
12. In what positions (other than ordinary labor) are Germans used - with respect to the exercise of discretion or supervision?

IV. ECONOMICS

1. What progress has been made in Economic unification of the British and United States Zones since the August declaration?
2. To what extent is there an exchange of goods (including foodstuffs) between the various Zones of Occupation? Furnish information regarding extent to which interchange of goods between Zones has contributed toward meeting the immediate needs of the German population?

EXHIBIT IV (cont)

3. Has delay in Economic unification of Germany adversely affected the German food ration in the United States Zone? Furnish estimates as to effect upon import of foodstuffs from the United States which would be brought about by Economic unification of Germany.
4. Furnish statistics on estimated required import of foodstuffs from the United States for 1947, 1948 and 1949.
5. Furnish copy of news release concerning aid to the German export-import program as announced by George Allen, Director of Reconstruction Finance Corporation on 15 October 1946.
6. Furnish a statement of the Reconstruction Finance Corporation - United States Commercial Company Export - Import plan, forecasts as to its effect, duration and probable total amount of loans.
7. Furnish statistics on present level of production and present productive capacity in major German industries compared with those in a typical pre-war year.
8. Describe knowledge of property (including security interests) of United States nationals in Germany and measures existing or contemplated for protection of such interests.
9. What new interests of United States nationals in German industry are being developed?
10. Brief biographical sketch of present and former personnel (down to Section Chief) in the Economics Division, showing position, term of employment, qualifications, and experience both in government service and in private industry; any past, present or contemplated relationships with German, United States or foreign business enterprises; and whether recruited specially or by Civil Service, War Department Personnel Offices or other regular government recruitment agencies.
11. Organization chart, showing names of head of each unit and number of personnel in each unit broken down so as to show:
 - a. Professional and clerical
 - b. United States Civilian, German civilian, and Military.
12. Describe the present status of the Demilitarization and Reparations Programs, covering:
 - a. Method of selecting particular plants for destruction or dismantling.
 - b. List of those which have been so earmarked -- showing their value.
 - c. Apportionment of costs of dismantling and shipment.
 - d. Method of appraising value of plants set aside for reparations.

EXHIBIT IV (cont)

13. Describe knowledge of industrial situation in other zones - particularly - level of production, demilitarization and decartelization and reparations status.

14. Furnish rosters, (both in our Zone and other zones) of important industrialists who are considered eligible for denazification; also, rosters of important industrialists not eligible for denazification under existing laws or directives.

15. Furnish drafts of quadripartite and United States Zone decartelization laws and a brief statement as to their status.

16. The Committee is informed that Quadripartite agreement has recently been reached for dispatch of mixed teams to inspect the progress of liquidation of war potential in the various Zones of Occupation. It is requested that the Committee be furnished with:

- a. Statement as to whether this plan was urged by United States representatives because of information obtained indicating a failure by any other power to proceed expeditiously with such liquidation.
- b. If information referred to in "a" above was received, what agency or agencies obtained it, and from what sources?
- c. Furnish brief history (with dates) of the above-mentioned Quadripartite agreement from its earliest proposal until its ultimate agreement.

17. State principal efforts on the part of U. S. Military Government representatives to achieve German economic unification of Germany, giving dates, arguments and facts advanced in support of our position and sanctions, if any, used or threatened.

18. What if any efforts were made to secure the inclusion in drafts of Laender Constitutions of long-range objectives of the Potsdam Declaration, as for example, the provision in Section 12 opposing monopolistic economic practices?

19. Describe the method used so far in transferring Army surplus stocks, such as trucks and trailers, to German industry. How is payment provided for? To what appropriation, if any, are such transfers charged, and credited? List principal items and quantity transferred to date.

V. DISPLACED PERSONS AND EXPELLEES

1. What are the responsibilities of Office of Military Government for Germany for the development of plans for the termination of United States care for displaced persons, expellees and persecutees? What plans have been submitted or are being formulated?

2. The Committee is informed that the French agreed to accept 150,000 Volksdeutsch expellees from Austria but that actually there were only 3,000 such persons. The Committee desires:

EXHIBIT IV (cont)

- a. A copy of the documentary evidence of such agreement.
 - b. A statement disclosing:
 - (1) Our prior knowledge of the number of such persons.
 - (2) An explanation of our acquiescence in the acceptance of so few expellees by the French as compared with the far greater numbers accepted in other zones.
3. Supply copies of any regulations designed to prevent or control infiltration of persons into the United States Zone. Supply facts disclosing extent to which such regulations have been effective in accomplishing the result intended. Supply similar information as to the other occupied zones of Germany, stating the source of such information.
4. Statistics, by months, on loss or gain of average body weight in:
- a. Displaced persons.
 - b. Civilian Internees.
 - c. Prisoners of War.

VI. INTELLIGENCE

1. What are the essential elements of information upon which the Deputy Military Governor should be kept informed?
2. What agencies within Military Government furnish intelligence to the Deputy Military Governor? If more than one agency, is the intelligence so furnished channeled through one central agency for preparation and submission of finished intelligence? If not, explain reasons therefor.
3. What agency within the Theater has primary responsibility for collecting and preparing intelligence on matters of particular interest to Military Government (as distinguished from purely "military" intelligence)?
4. List agencies outside Military Government which furnish intelligence to the Deputy Military Governor, with samples of reports.
5. It has been said that the operations of Counter Intelligence Corps sometimes lack necessary coordination with Military Government policies and cause embarrassment to the latter. If this alleged condition exists or has existed, give specific instances thereof and statement as to whether improvement has been achieved, to what extent and by what means?
6. What agencies are responsible for gathering intelligence on whether Germans are carrying out instructions and policies emanating from Office of Military Government for Germany? To whom do such agencies report?
7. To what extent is there free interchange of intelligence information between the Occupying Powers? Furnish examples illustrating the success or failure of requests for exchange of intelligence.

EXHIBIT IV (cont)

8. Furnish a list of the questions upon which intelligence on German reactions have been obtained by public opinion polls in the United States Zone of Occupation.
9. What intelligence is being furnished to the Deputy Military Governor on the extent to which other Occupying Powers are carrying out their responsibilities under the Potsdam Agreement and upon general social, political and economic conditions in other Zones of Occupation?
10. Furnish examples, with dates, of instances in which specific intelligence has been requested by:
 - a. The Deputy Military Governor
 - b. Staff Divisions of Office of Military Government
 - c. Lower echelons of Military Government with indication of action taken, time elapsed and report to originator of request.
11. State number of persons presently engaged in collection of intelligence of interest to Military Government, indicating whether such intelligence mission is their primary or secondary duty. Insofar as possible, give comparative figures for the other Occupying Powers.
12. State whether misconduct by United States troops has been a source of embarrassment or hindrance to Military Government in the accomplishment of its occupational mission. If such misconduct has rendered the Military Government mission more difficult, state what action was taken by Military Government and the results thereof as shown by statistics. Furnish statistics on troop disorders from 1 February to 1 October, 1946.
13. Give resume of responsibilities, functions and strength of Office of Director of Intelligence, Office of Military Government for Germany, from 1 August 1945 to present, with brief statement of reasons for any substantial changes and dates thereof.
14. Does the Office of Director of Intelligence form the normal intelligence channel between Office of Military Government for Germany and United States Forces, European Theater? If, in practice, it is not, state the channel selected and the basis for such selection.
15. Is the Director of Intelligence the staff advisor to the Deputy Military Governor on all matters of intelligence policy and planning? If not, who performs such functions?
16. What agency is responsible for collection and collation of information for possible prosecution of certain German industrialists as war criminals? Give brief resume of what has been accomplished in this field to date and number of prosecutions now anticipated.

EXHIBIT IV (cont)

VII. FINANCE

1. Status of measures to decartelize banks.
2. Status of measures to require identification of ownership in securities deposited in banking institutions.
3. Position of United States on barter between Zones.
4. Copy of Colm- Dodge - Goldsmith plan for German finance and a brief description of its present status.
5. Plans for the establishment of a foreign exchange rate for the German mark.

C O N F I D E N T I A L

EXHIBIT V

Analysis of Army General Classification Test Scores and education of group of 236 replacements received in September, 1946.

<u>Number</u>	<u>Army General Classification Test Scores</u>		<u>Education</u>	
	<u>Score</u>	<u>No</u>	<u>Yrs. of Schooling</u>	
4	40 to 49	1	3	
9	50 to 59	4	4	
16	60 to 69	3	5	
28	70 to 79	13	6	
16	80 to 89	28	7	
65	90 to 99	55	8	
61	100 to 109	41	9	
21	110 to 119	42	1 year of High School	
6	120 to 129	25	2	"
2	130 to 139	18	3	"
<u>8</u>	Unknown	3	4	"
236		<u>3</u>	Unknown	
		236		

EXHIBIT VI

S E C R E T

MEMORANDUM

October 27, 1946

Subject: TROOP DISCIPLINE

Following are excerpts from United States Forces, European Theater, G-2 Weekly Intelligence Summaries from January 17, 1946 to May 31, 1946:

From Weekly Intelligence Summary No. 27, January 17, 1946

"Over a period of several weeks it has become very apparent that there is a great deal of laxity on the part of military personnel in promptly reporting incidents and that much activity is going on that is never reported at all...there is the lackadaisical attitude of both officers and men who are vastly more concerned with the prospect of going home or the uncertainties of their next assignments than they are with the duties at hand.

"This irresponsible attitude shows up in a more dangerous guise in the increasing number of lawless acts on the part of US personnel, which, by this week, is approaching the level of DP incidents in number if not in gravity. Only a limited number of incidents are major crimes but the numerous acts of violence against the German people and their authorities are jeopardizing military control on the whole and at the same time are creating needless friction and resentment, which, at a later date, will seriously impair the security of occupational forces. The past few weeks have seen a growing number of these senseless and unprovoked attacks: burgermeisters threatened and beaten, civilian police disarmed and clubbed with their own weapons, women being publicly molested, and civilians being stopped at night by soldiers who examine their passes, then calmly slug them senseless. In a previous summary there was reported the incident of the Burgermeister of WACHTERSBACH (N 3892) being beaten by U. S. soldiers; the results of the CIC investigation follow:

'Part of the troops of the 2nd Armored Division were quartered in WACHTERSBACH, and many of them were living with women of ill repute. Most of these girls came to this area with the 2nd Armored Division. These girls had been provided with quarters, but denied ration cards by the local Burgermeister. Furniture and radios had been requisitioned by the troops to furnish the rooms occupied by their girl friends. The morning that the 2nd Armored Division was leaving, some of the girls vacated their rooms, taking some furniture and radios with them. The Burgermeister ordered the police to stop them. Apparently the GI's had "given" the radios to the girls, although the articles belonged to the homes where they were procured. The police and one of the girls got into an argument and came to blows. The girl then went to her GI friend for help, and before long 16 GI's armed with knives and pistols went to the Burgermeister and beat him badly. Apparently, none of the GI's were intoxicated at the time. The burgermeister has not yet recovered from the cuts and bruises he received, and has not returned to work."

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(Exhibit VI - continued)

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This type of flagrant and public misconduct makes crimes of murder, robbery, rape, looting, and other vicious offenses entirely credible to the German people when attributed to U. S. personnel, even though the greater majority of such cases are actually the acts of displaced persons or Germans themselves. The resulting resentment and ill will can easily be turned into inducements used to recruit members into subversive organizations and will certainly increase the lawlessness and acts of violence of the Germans themselves in retaliation."

From Weekly Intelligence Summary No. 28, January 24, 1946

"In last week's Intelligence Summary, the trend of troop misconduct was discussed at some length. It is felt that this particular type of disorder constitutes a potentially serious security threat.

"During the current operational period, troop disorders have increased and even outnumber in some areas the total disorders of DP's and Germans combined. Certainly, misuse of the American uniform by DP's has swollen the totals somewhat; but if only verified crimes of violence and misconduct of U. S. troops are considered, the totals are still disproportionately large. Further continuation of troop disorders into this period of this report may be seen in the following incidents, all of which are under investigation by competent authorities."

(List omitted)

From Weekly Intelligence Summary No. 29, January 31, 1946

"The actions of United States military personnel have not served to improve the feeling between Germans and the occupying forces. Reports of unjustified individual belligerence displayed toward the civilian population continue to be reported."

"The undisciplined behavior of United States troops, however, continues to be a disturbing factor, with misbehavior by negro troops reported to be the occasion for localized incidents. In three communities west of WERZBURG, anti-negro sentiment is said to have attained serious proportions."

From Weekly Intelligence Summary No. 30, February 7, 1946

"Scattered incidents involving United States troops are reported, with negro troops a common focus of tension."

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(Exhibit VI-continued)

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From Weekly Intelligence Summary No. 31, February 14, 1946

"Some improvement was noted in the conduct of occupational troops toward German civilians although there was a slight increase in the number of reported disorders. One case of rape was the most serious crime reported to the United States Zone. Other reports dealt for the most part with unprovoked attacks on German civilians which continued to lower the prestige of United States forces and to foment unrest and resistance to the occupational units. An attack which is typical of this type of incident occurred in the town of BUTZBACK (L 51/G60) on 2 February 1946. Four drunken soldiers attacked a German civilian. A German policeman who attempted to quell the disturbance was beaten and his carbine was taken from him and broken. Both the civilian and the German policeman are now in the hospital. Although this is the only reported incident of an attack on a German policeman, it has a particularly serious aspect inasmuch as the German police are being used by the United States Military Government to supplement civilian security."

From Weekly Intelligence Summary No. 32, February 21, 1946

"The misconduct of United States troops is recognized as having a definite bearing on the attitude and conduct of the average German. Remedial steps are contemplated at competent levels to improve this situation, which has shown little change for the better in the past few weeks.

* * * * *

"Reports of troop disorders almost doubled in number during the present operational period, as compared with the preceding week. More efficient reporting accounts partly for the increased number of reported incidents. It is realized that any disorderly acts on the part of United States troops present a poor contributing factor for German cooperation and respect for United States Army operations in this Theater. Remedial steps are being initiated by competent authority."

From Weekly Intelligence Summary No. 33, February 28, 1946

"The unsatisfactory internal security situation is further attested to by the fact that troop misconduct continues at the level previously reported, while assaults on UNITED STATES personnel have again risen. In one serious instance in BERLIN material of great potential Counter-intelligence value was mishandled and released with the full knowledge of UNITED STATES officers and officials."

* * * * *

"Troop disorders maintained their relatively high rate of incidence. A serious aspect of the situation is that, seemingly, one of the great dangers to soldiers of the United States Army results from the misconduct of other soldiers. The murder and serious injuries reported above, the murder reported in Weekly Intelligence Summary No. 32, this Headquarters, and the majority of serious attacks on United States soldiers during the past few weeks were the results of actions by other soldiers. German civilians, however, continue to be the most frequent victims of troop disorders."

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EXHIBIT VI (continued)

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From Weekly Intelligence Summary No. 34, March 7, 1946

"There was little apparent improvement in the conduct of the occupation troops during this period. Reported disorders were directed generally toward German nationals and, in a great many cases, towards German officials upon whose cooperation the present favorable civil security situation largely depends."

From Weekly Intelligence Report No. 35, March 14, 1946

"A slight increase in troop disorders was noted. BREMEN however reports a continued high rate, but adds that American Merchant Seamen are responsible for a portion of such incidents. Only a small percentage of all troop incidents involve Military Police as offenders, but the demoralizing effect on the German people of being beaten by MPs is disproportionately great."

From Weekly Intelligence Summary No. 36, March 21, 1946

"The continuation of incidents involving American troops is bringing severe criticism from the Germans who claim that the Americans cannot control their own troops. In Kreis FRIEDBERG, German police have complained that, although they report all incidents involving Germans and military personnel to the Military Government, they feel that it is useless since nothing apparently is done about it. Whatever may be the truth behind these allegations, it is discouraging to note the German feeling about the situation. The only way in which such an impression can be corrected is by the troops themselves, if they behave correctly. When this is accomplished the occupation forces will become the subject of favorable comment rather than adverse criticism...Checks by independent means have revealed that troop incidents are frequently NOT reported to higher headquarters by the units involved. Despite the fact that many incidents are not reported a sufficient number of cases are, to indicate that American troops not only commit disorderly acts by themselves but frequently side with German civilians, especially women, when German authorities attempt to take legal measure against such civilians."

* * * * *

"Troop disorders in particular took a turn for the worse, increasing in number to over one-and-a-half times the previous week's total. The conduct of occupational troops has been continuously cited by all reporting headquarters as a primary threat to security. Incidents for this period varied from a thoroughly senseless murder of a German national to an instance of verbal abuse of a German official."

* * * * *

"In BERLIN the completely senseless murder of an inoffensive civilian was reported. A German and his wife were walking home when they passed two men in US Army uniforms. One of the two men turned and hit the husband repeatedly from behind with some object until he collapsed from the blows. The victim was taken to a hospital where he died within a few hours."

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EXHIBIT VI (cont'd)

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From Weekly Intelligence Summary No. 37, March 28, 1946

"In the past few weeks the excessive incidence of disorderly conduct on the part of American troops has frequently been pointed out. Reports of further incidents continue to come in from reliable sources despite the fact that all troop units by now must be well aware of the situation. Incidents involving unwarranted and abusive conduct on the part of American soldiers continue to increase. The insistence on these incidents comes from no wish to arouse sympathy for the Germans, but for the sole purpose of pointing out the effect of these acts on the German attitude toward the American Army. Unprovoked assaults, excessive public drunkenness, assistance in the violation of German law, Black Market activities and similar breaches of discipline lower the prestige of the American Army. The Germans have only the greatest respect and admiration for well organized, well disciplined and well dressed troops who comport themselves properly in public. Exactly the opposite effect is produced in the minds of the Germans by soldiers who are slovenly, disorderly and ill-disciplined and who are obviously violating the regulations of their own service. Herein lies a most serious security threat."

* * * * *

"The lawless behavior of American soldiers toward German civilians has now reached such proportions as to constitute one of the most serious problems--if not the most serious problem--facing occupation authorities. The constantly rising numbers of disorders may in part be due to more accurate reporting by all the various sources; but they are conclusive evidence that the situation has not been improving. Censorship intercepts confirm the common observation that a great many isolated troop disorders are not reported."

From Weekly Intelligence Summary No. 38, April 4, 1946

"For the past five weeks the number of reported troop disorders has been increasing steadily. The unfavorable factor in the overall security picture is again cited as one of the most serious - if not the most serious problem facing occupational authorities."

From Weekly Intelligence Summary No. 39, April 11, 1946

"A vigorous campaign was initiated by the Commanding General, United States Forces, European Theater, to reduce the threat to security created by troop disorders.

* * * * *

"Troop disorders of every type also decreased slightly and there was evidence of efforts by local authorities to exercise more control. The office of the Commanding General, United States Forces, European Theater now receives initial and follow-up reports on all incidents to include final disposition and specific disciplinary action by local commanders. Similar action is being taken by some Division Commanders."

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EXHIBIT VI (cont'd)

From Weekly Intelligence Summary No. 40, April 18, 1946

"The number of troop disorders increased after a slight decline in the previous week."

From Weekly Intelligence Summary No. 41, April 25, 1946

"Paradoxically the number of troop disorders continues to rise as the number of troops in the United States Zone decreases. The situation is the subject of bitter comment among the Germans. Much harm is being done to the occupation cause by the lawless actions of a very small element of United States personnel."

From Weekly Intelligence Summary No. 42, May 2, 1946

"A decrease was noted in troop disorders and attacks on United States personnel."

From Weekly Intelligence Summary No. 43, May 10, 1946

"Reports of troop disorders increased sharply, although the increase is credited in part to better reporting in compliance with the current troop control program The rise in troop disorders and the seriousness of recent attacks on United States personnel serve to emphasize the urgency of the present campaign to correct the resulting threat to the general security picture."

From Weekly Intelligence Summary No. 44, May 17, 1946

"United States troop disorders decreased slightly in number but not sufficiently to indicate a downward trend, while attacks on United States personnel increased sharply. A definite correlation between troop disorders and attacks on United States personnel is now apparent although the degree of correlation is difficult to determine. A very marked increase in DP activities featuring a mass murder of five Germans also contributed to the unfavorable factors of the security picture."

From Weekly Intelligence Summary No. 45, May 24, 1946

"Troop disorders showed an increase over the previous week's figures the increase occurring for the most part in the FRANKFURT and MUNICH areas. A few localities report that troop disorders have decreased to the point where they are no longer considered to be of major importance. A general tone of optimism is present in nearly all reports concerning troop conduct and discipline."

From Weekly Intelligence Summary No. 46, May 31, 1946

"Assaults on United States personnel increased, troop disorders decreased slightly but included a large number of capital crimes and major offenses."

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EXHIBIT VI (cont'd)

From Weekly Intelligence Summary No. 47, June 7, 1946

"The major improvement was in the conduct of the occupation troops, however, the downward trend is not yet discernible because of the short period of time during which troop incidents decreased."

From Weekly Intelligence Summary No. 48, June 13, 1946

"That a previous week's decline in troop disorders was merely a chance variant rather than the beginning of a sustained reduction is indicated in the rise in troop incidents reported during the period. Statistics relative to troop behavior reveal that incidents are at a relatively high plane and have sustained that plane for a period of several weeks."

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EXHIBIT VII

MEMORANDUM:

Subject: TROOP DISCIPLINE

28 October 1946

Theater Inspector General Report, subject: "Standard of Discipline in the ETO", dated 14 March 1946, disclosed that Survey of the Mannheim Area shows:

"That in many cases commanding officers of various units are not accepting their command responsibilities as they pertain to the administration of military discipline by:

- (1) Failing to take proper corrective action against colored personnel, officers and enlisted men, for fear of race discrimination.
- (2) Authorizing illegal activities on the part of enlisted men and civilian personnel.
- (3) Accepting low standards of military discipline and military courtesy."

Note: This report contains many reports on negro incidents; in most cases -- negro and white -- the perpetrators are mentioned as "unknown American soldiers" by the complainants.

Theater Inspector General Report, subject: "Supervision Survey of Colored Companies", dated 18 June 46 (inspection made 10-31 May 1946) shows:

1. On 12 March 1946 Company A, 37th Signal Heavy Construction Battalion received a total of 89 enlisted men as reinforcements from the United States; 49 of them had had from 1 to 6 courts martial each.

2. Above unit will not be able to function as a Signal Heavy Construction Battalion until qualified officers are assigned and time is given to teach the enlisted men their various duties.

3. Certain units were hiring Germans to clean up the barracks and make the beds of enlisted men.

4. "Effective supervision of companies by the next higher command during the past few months was not only impeded but practically valueless due to the rapid turnover of enlisted men and officers."

5. One unit, the 476th Quartermaster Group, had 996 men with Army General Classification Test Scores of under 71. In all companies Class IV was the average for non-commissioned officers. Bulk of men were in Class IV, with a fair amount in Class V. Number in Class III negligible.

6. "Behavior of colored troops is far below an acceptable standard. Theater data for March and April shows that amongst colored troops the rates for

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EXHIBIT VII(cont'd)

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venereal disease, absent without leave, assault and robbery were respectively 6, 19, 6 and 27 times as great as amongst white troops.

These Inspector General reports repeatedly mention the failure of company grade officers to assume their responsibilities, their lack of training in administration, etc.

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